

# BANKING


JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



This Is Banking (pages 5 and 38)

## *More Millions of New Customers*

What Are Banks Doing About Them? Plenty!  
Special Report to Management (pages 40-53)



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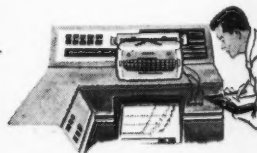
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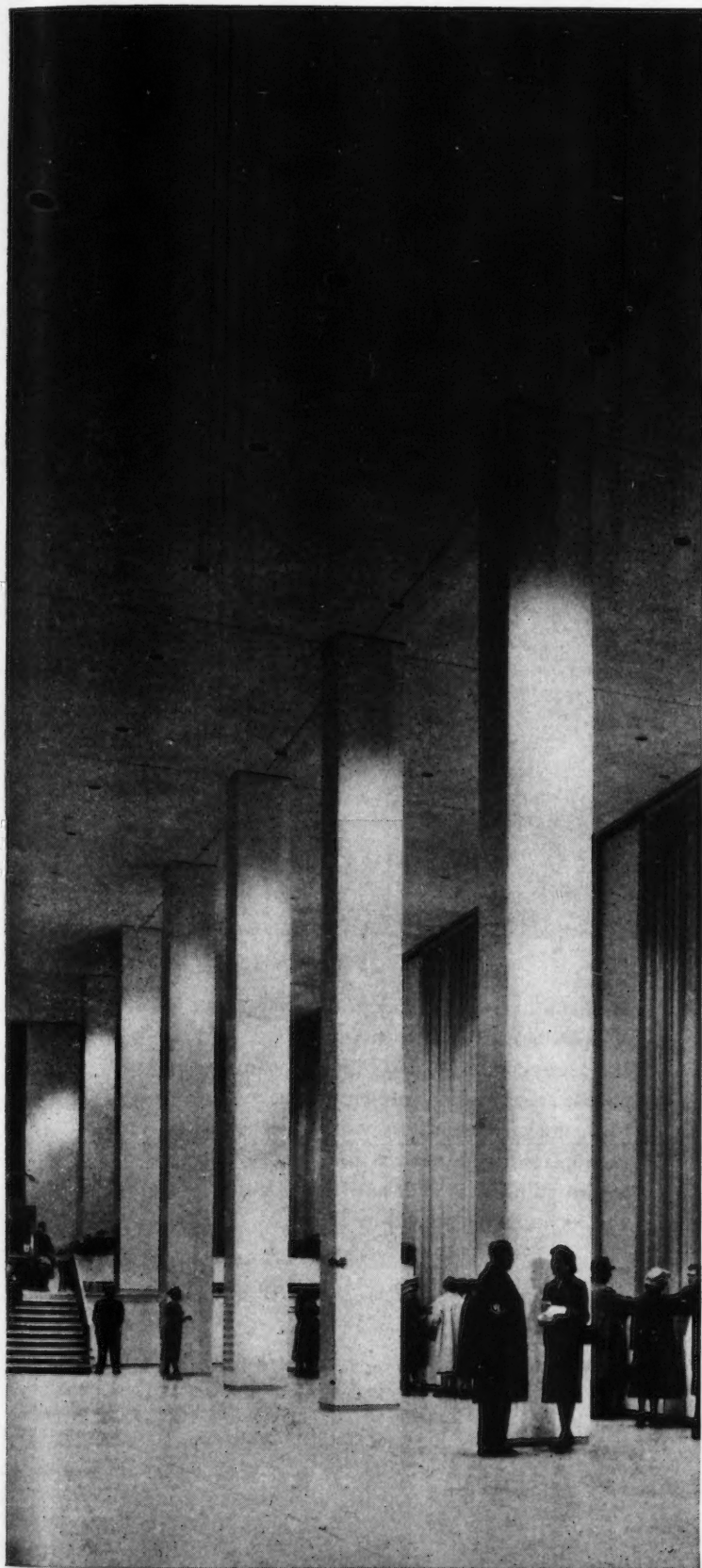


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BANKING



# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

COMPLETE — AUTHENTIC

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# Suppose you should suddenly lose your Trust Officer?

This possibility — the loss of the trust officer through death, illness, a disabling accident or resignation — is a serious threat to most community banks. Unable to afford the protection of an organization in depth, they are faced with the disquieting fact that *the trust officer is practically the trust department . . . and they are heavily dependent upon him.*

True, the trust officer may have department associates. However, without his administrative direction, these associates would be confronted with numerous unfamiliar, day-to-day investment problems . . . and they probably could not maintain an adequate supervision of the securities held.

This could be a real crisis.

*But there is no danger of such a crisis in the nearly 125 community banks who are members of the Trust Investment Council.* For, in the event of an emergency involving the loss of the trust officer, any member can turn to the Council Staff for complete investment assistance until a satisfactory replacement is found.

This assistance can be as flexible as necessary. Its extent is governed by the nature of the situation and by the particular needs of the trust department. Generally, it includes continuous and complete supervision of all accounts . . . conferences with the Investment Committee . . . conferences with clients as circumstances may require . . . recommendations for the use of funds that become available for investment . . . and all other investment responsibilities of the trust officer.

No, the low annual membership fee — which brings Council Members an automatic, steady flow of trust investment management aids throughout the year — does not entirely cover this aspect of Council service.

However, membership provides privileges and

special consideration in determining a nominal, mutually agreeable fee.

But, as Members have told us, the fee is unimportant. The important thing, they say, is this: *The investment assistance furnished by the Council Staff has enabled the trust department to operate without a hitch throughout the emergency . . . and has afforded the officers and directors of the bank a peace of mind that is beyond price.*

Members attribute this to the experience and skill of the Council Staff, and to the genuinely personal interest that the entire Staff takes in every Council Member's welfare. They also recognize that the Staff's intimate association with community bank trust problems is a major factor in aiding a department to operate smoothly in times of unexpected trouble.

*What would you do if — suddenly — you lost your trust officer?*

So far as we know, the Trust Investment Council is the only organization that offers this form of "trust officer insurance." And, as one Member has said, it is the most economical insurance he ever bought, because he paid for it only when he used it.

This Member had in mind the fact that the regular membership fee is not calculated on the possibility that there may come a time when such extra assistance will be needed. Instead, the Council bases the annual membership fee solely upon its normal, year-round services which cover every phase of trust investment management as well as individual assistance with individual accounts . . . and assumes part of the extra cost if ever temporary extra assistance is needed during the absence of the trust officer.

An inquiry will bring you full details, yet place you under no obligation whatsoever. Write today.



**STUDLEY, SHUPERT TRUST INVESTMENT COUNCIL**

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BANKING

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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## In This Issue

### Memo to Management—and You

Seldom has BANKING offered its readers—particularly its many management readers—a more attractive package than this month's report on automation (pages 40-53.) Half a dozen articles bring expert information on automatic and semi-automatic check handling for regular and special accounts; bookkeeping with fully automatic systems; how to introduce automation to your customers; automation and architecture; public relations angles of automation; and answers to questions asked by small banks.

### Oh, Yes, . . . the Pictures

Quite aware of the wordage a picture is worth, we have illustrated our Automation Report with numerous photos that help visualize these "thinking machines" and the paraphernalia that supplement their services.

### This Is Banking

More and more people are realizing that today's banking, in addition to its businesslike routines, can be a childrens' guided tour of a bank (with refreshments); an open house to celebrate new quarters; a Christmas concert in a gay lobby. Our cover and the offbeat "This Is Banking" feature (page 38) are reminders that, in today's bank, people—staff and customers—are just as important as cash.

### Spur-of-the-Moment Selling

A First National Bank in St. Louis ad campaign directed at women in home and office is pulling in savings. They're invited to open accounts by phone or by coupon—and they do. Story on page 72.

### Cost Cuts, Anybody?

If you're a cost cutter (and who isn't these days?) pick some economy ideas from "Tips for Cost Cutters," page 54. Incidentally, the suggestions are tersely told, so your reading time is cut, too!

### How About Stocks, Mr. Banker?

A New York Stock Exchange survey showed that 36% of the nonshareholding and 25% of the shareholding households in the U.S.A. would go to a bank for advice on buying equities. This puts a substantial responsibility on the banker, and in "The Banker's Role in Guiding Investors" the NYSE's PR man, Ruddick C. Lawrence, has suggestions for meeting it.

#### THIS MONTH'S COVER

The eighth grade mathematics class of Monroe High School visits the main office of Lincoln Rochester Trust Company, Rochester, New York. *Extreme left foreground*, Teacher K. Griswold. At the table, *standing*, Jerome J. Steiker, assistant vice-president, credit department; *seated, left to right*, Scott R. Springstead, assistant secretary, customer relations department, and G. Theodore Gunkler, assistant vice-president, administration. See page 39



# BANKING'S Investment Forum

## Bankers' Role in Guiding Investors

*The author is vice-president in charge of public relations and market development, New York Stock Exchange.*

THE most obvious fact that we have to deal with today and in the foreseeable future is the enormous quantity of money that a gross national product of \$435-billion a year is making available to all our people—and particularly to those in the middle income ranges. We simply have had no previous experience with a population that includes, for example, 12,500,000 consumer spending units who in 1956 had a cash or equivalent income of \$7,000 or more before taxes—a rise of 210% since 1941. Moreover, we must prepare for the day in 1965 when—assuming constant dollars—

RUDDICK C. LAWRENCE

these families will jump another 50% to 19,000,000.

The nub of our burden—if it can properly be called a burden—is that America's families are looking to the banking and investment industries for an increasingly wide range of services. In learning to plan for a secure, long-range financial future, people are demanding an adequate return for their money. They may be unable to understand the complexities of industrial growth or the wonders of automation, as indeed few people can. But the public is learning, nevertheless, that sound investment programs must be planned for the long-range future.

U.S. corporations need staggering

amounts of equity money to create the jobs, plants, and products required for the future. In the face of progressively higher income taxes and the capital gains tax and an expanding middle-income population, the "big rich" are no longer able to supply the bulk of what is needed. Since 1946, for example, industry raised about \$20-billion in new growth money by selling stocks—an average of \$1,750,000 per year. But four times that amount—averaging nearly \$7-billion of new equity money annually—will be needed to meet 1965's goals on a sound basis—that is, without piling up corporate debt to what could become burdensome levels. That kind of money can come only from a mass of people who are able to undertake the specific risks of shareownership. Institutions, of course, will provide a substantial portion of the new equity money required. Nevertheless, achieving our goals means nothing less than adding the concept of "mass investment" to the American fabric, along with the "twin M's" that have shaped the U.S. economy—mass production and mass distribution.

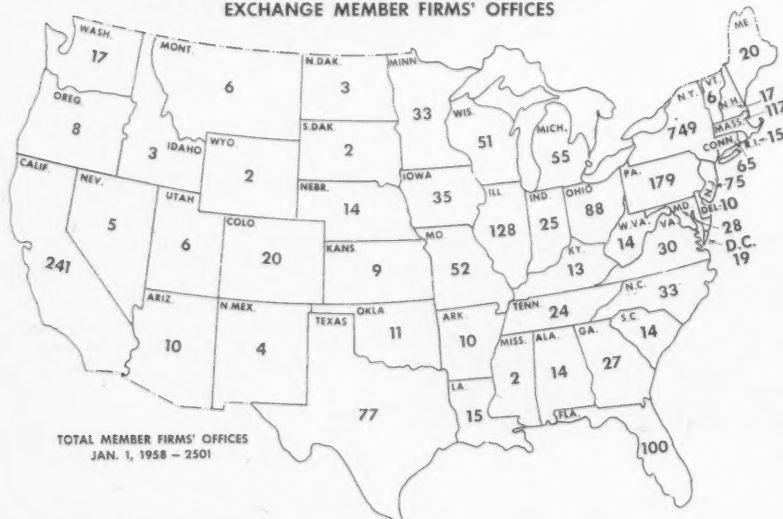
### The Future Is Brightest

The brightest chapters of America's economic story are yet to be written. In a venturesome nation it is logical and necessary for people who are informed and who can afford the risks to stake some of their funds—in their own self-interest—on an expanding future. There is ample historical evidence that over the years sound common stocks have a way of appreciating in value, of protecting purchasing power and of contributing to a steadily higher standard of living.

One inescapable conclusion to be  
(CONTINUED ON PAGE 11)

This map shows the wide distribution of facilities for the public's transactions with just one of the country's exchanges, albeit the largest

GEOGRAPHIC DISTRIBUTION OF NEW YORK STOCK EXCHANGE MEMBER FIRMS' OFFICES





# Another Record Year at



It is a pleasure to tell you that in 1957 American Machine & Foundry Company again established new records.

- **Sales and Rentals: \$261,754,000, an increase of \$63,696,000—32% over 1956.**
- **Net Income (after taxes and preferred dividends): \$11,436,000, an increase of \$2,815,000—33% over 1956.**

AMF has paid dividends for thirty-one consecutive years. Dividends of 30¢ per share were paid on the common stock in each of the first three quarters of 1957. In the fourth quarter, the regular dividend was increased to 40¢ per share. At the year end, AMF stockholders numbered 21,213, an increase of 92% in five years.

Carter L. Burgess was elected President of AMF at the Board of Directors' meeting held February 4, 1958. His wide and varied experience in business and in the service of the Government will be of great value in matters of policy and administration.

I am entirely confident that AMF will continue to expand, to the benefit of its employees, customers and stockholders.

CHAIRMAN OF THE BOARD AND  
CHIEF EXECUTIVE OFFICER

*We will be pleased to send you a copy of the 1957 Annual Report*

In its 58-year history, AMF has progressed into a broad-based company operating in four important areas:

- consumer products for recreational and leisure time activities
- automatic machinery and equipment for industry
- handling and launching systems for guided missiles
- atomic reactors and related nuclear equipment

— PLEASE USE COUPON —

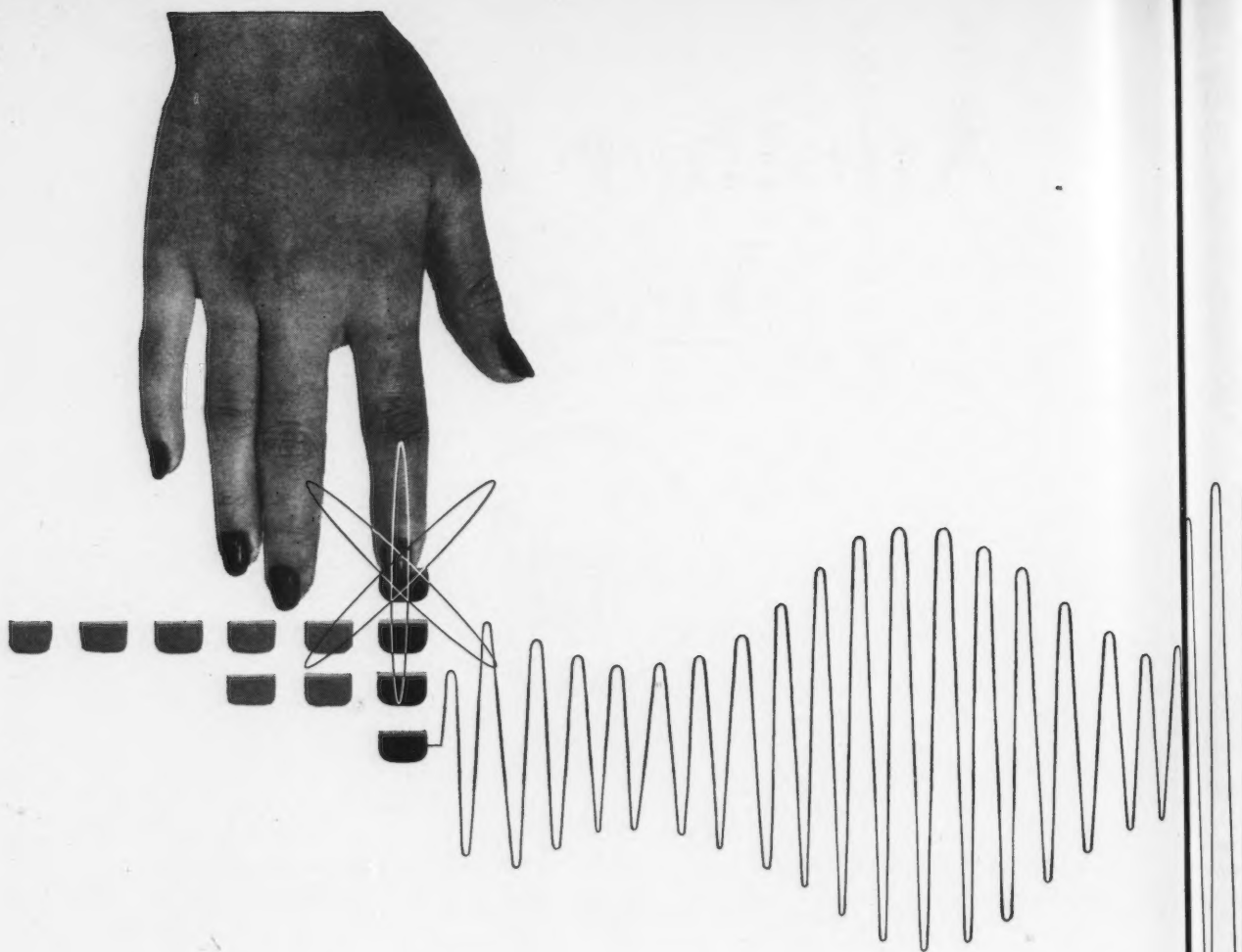
Mr. C. J. Johnson, Secretary, Room 216  
American Machine & Foundry Company  
AMF Bldg., 261 Madison Ave., New York 16, N. Y.

Please send me a copy of your 1957 Annual Report.

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CITY \_\_\_\_\_ Zone \_\_\_\_\_ STATE \_\_\_\_\_



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## PEACE OF MIND

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Any delay in offering Mortgage Redemption Insurance to your customers is costly and unnecessary. We urge you to contact us now.

You insist on fire insurance to protect your mortgages, but the chances of a home owner *dying* during the mortgage period are *16 times greater*, according to actuarial tables.

No prudent lender takes this risk needlessly.

Federal's flexible Plans, designed by lenders themselves, meet the requirements of every mortgage need. We serve a rapidly growing list of progressive financial institu-



tions from coast to coast with these vital Plans.

Each Plan is specifically designed to meet your exact needs and includes all Sales and Operational procedures, completely eliminating

burdensome detail. You reduce home mortgage risks *at no cost* to your institution.

Federal Mortgage Redemption Insurance removes the natural fears of a family undertaking what is normally its largest financial obligation. It is persuasive proof of friendly interest in your customer's welfare; true Customer Relations at its best.

We have trained Representatives in principal cities to work closely with you. Your inquiry is invited.

You can improve personnel morale through Federal's low cost individualized Employee Welfare Plans. Write our Group Division for details.



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**LIFE & CASUALTY COMPANY**

WOLVERINE-FEDERAL TOWER, BATTLE CREEK, MICHIGAN



(CONTINUED FROM PAGE 6)

drawn from our surveys is that millions of Americans are on the threshold of their first equity investment. It is also apparent that the banking industry has a direct part to play in this development. There is a factual basis for this conviction, and something more elusive that centers on the reputation that banks enjoy and the "state of mind" of America's current and potential investors.

Uppermost in my mind, of course, is one uncontestable fact: Banks are already a key factor in the stock market. In one of our "public transaction studies" we took a close look at the rising level of institutional activity in the market and found that commercial banks and trust companies actually handled 44% of the growing volume of institutional business. Banks and trust companies specifically accounted for 76% of pension fund volume, 67% of trust and estate business, 60% of profit-sharing plan transactions, and roughly 30% of the volume done by nonprofit organizations.

#### Banks' Distribution

Apart from their institutional role in the market, the broad geographic distribution of the nation's banks—their ability to serve vast segments of the public—is another factor that looms large in the share-ownership picture. There is one bank to serve every 8,000 of the population, and one Stock Exchange member office to serve every 68,000 people.

When additional millions do elect to invest, where will they turn for guidance? Here, the confidence and

esteem in which banks are held will play an important part. A nationwide survey which the Exchange conducted showed 36% of the country's nonshare-owning households would go to a bank for advice about stock investments, and 25% of share-owning households would similarly go to their banks!

This is a rather awesome responsibility, and I would like to explore some of the questions it raises.

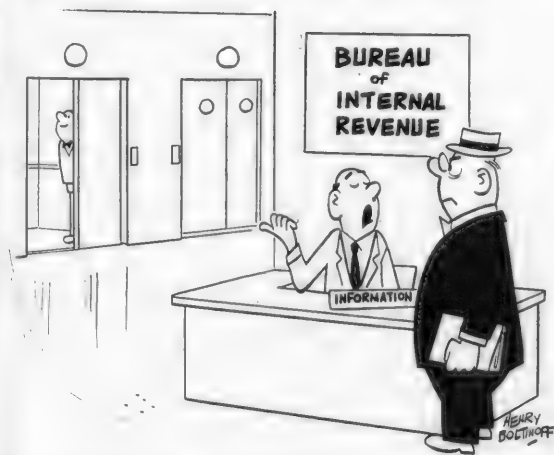
The first is the matter of risk. Can banks, where safety is the cardinal principle, recommend stock investments?

And second, assuming for a moment bank customers are able to take the risks, ought banks to recommend an investment in equities? What course are banks to follow?

Both problems are closely related.

#### Risks Are Comparative

Where the risks of equity investments are concerned, so much has been written on the subject that the problem has been thrown out of focus. Obviously there are risks. But the daily changes in securities prices have served to create a myth of price instability—a feeling that securities, more than any other type of property, are inherently unstable. What is not adequately understood is that, while securities prices are changing, the values of properties and commodities of all kinds are undergoing similar changes. The stockholder, however, is one of the few property owners with a running record of what his property is worth—a privilege denied to the man who owns real estate or an automobile, or who



"Complaint department? Entire fourth, fifth, and sixth floors, sir!"

## Take Another Look at Arizona Banking

**FIRST  
NATIONAL  
RESOURCES\***

**NOW OVER**

**\$281 MILLION**

**UP 22% IN 1957**

\*DECEMBER 31, 1957

Home Office  
Phoenix, Arizona



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**Now 50 Offices in Arizona**

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Our messengers pick up and deliver mail at Cleveland airport post office, around the clock. Downtown stopovers are eliminated. This new service can improve availability by one day. If you're not a National City correspondent, contact us for details.

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## Hammermill Safety does a double barreled job for banks

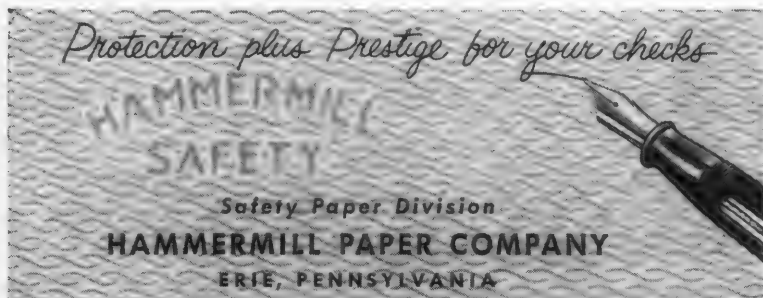
This shotgun gives a hunter a second shot at his game. And the check that pays for it can give your bank a double opportunity to boost its reputation—if the check is printed on Hammermill Safety.

First, Hammermill Safety, the best known name in paper, is always there to help remind customers that you pay attention to even this detail of banking service. Second, Hammermill Safety protects your funds as well as your good name. Its specially sensitized surface immediately reveals the slightest attempt at alteration.

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When you order checks, ask your bank stationer or check printer to use Hammermill Safety. It costs no more than other safety papers.

The exclusive Hammermill Chainline design, illustrated, comes in 7 colors—amber, green, buff, blue, pink, gold, gray. Straightline and Crossline designs are also available.



believes that hard cash is going to buy the same amount of goods and services day after day.

Bank customers expect a kind of fool-proof service—one that yields only profits and no losses. And they are frequently satisfied if their investments offer the outward appearance of stability. But for bankers, a deeper responsibility to the investor, I believe, calls for examining the equity picture as well. Consider for a moment the man who enters a bank and explains he has adequate insurance protection, sizable cash savings, and Government bonds. In addition, he has just come into an inheritance of several thousand dollars. He wonders how to invest it, and he has managed, somehow, to retain the illusion that there is nothing harder than hard cash.

Is it proper to point out that between 1947 and the end of 1957 his hard cash lost more than 20% of its value? And to add that in the same period—had he been willing and able to undertake the risks—dollars invested in common stocks appreciated about 165%, according to Standard & Poor's index of 500 stocks? I believe, of course, that a patient explanation is due him.

### Bankers Are Broadening Their Services

Moreover, the nature of competition is forcing bankers everywhere to broaden their services and handle a wider range of investment problems. Banks will, accordingly, be under increasing pressure to examine every phase of a customer's investment life. Indeed, the customer will demand this attention. And though banks may wonder how far to go in discussing the risks and rewards of stock investments, and the methods of tailoring investments to meet a personal situation, this hesitancy may not be shared by the banker down the street. This is the familiar pattern of our competitive, free enterprise system. If one bank will not discuss stocks and bonds with a customer, a competitor will!

Every bank, of course, cannot run an investment advisory service. No one should honestly expect his banker to be a good banker, plus a seer on the business outlook, plus an expert on securities.

Nor should banks be put in the position of recommending stocks, or analyzing securities, unless they are able to employ the staff needed to

handle profitably the business of trusts and estates.

On the other hand, when our middle-income millions seek investment advice from their bankers, the pros and cons of equity investments must be considered increasingly in financial planning, and the risks and rewards spelled out.

#### Refer to Brokers

Depending on the services a bank offers, it can properly direct serious inquiries about stocks from customers—in the clients' self-interest—to reputable brokers such as stock exchange member firms. Day by day, these firms are examining and contacting America's great publicly owned companies, and studying their investment potentials.

Banks can point to the 1,100 companies whose nearly 5-billion shares are listed on the New York Stock Exchange—and who paid a record \$8.8-billion in dividends during 1957—and explain that every investment appetite from the conservative blue chip to the bold speculation, from bonds to common stock, can be satisfied. This can be done with the added knowledge that the investor will receive detailed information on which to base his decision, and, in the case of stock, a corporate ballot to exercise his vote.

The Exchange's approach to the investment problem is a balanced one. We are spelling out the responsibilities that go with stock investments, and we are fighting the sharp promoters who prey on the gullible with their get-rich-quick schemes.

#### Broader Share-Ownership A Necessity

We are absolutely convinced that broader share-ownership is the answer to the nation's need for growth money and the individual's need to share in a bright tomorrow. We have been guided by the belief that creative capital is the key to the future and that the banking fraternity—among the great industries serving the public—will have a key role in broadening the ownership base.

We believe that our long-range target of 500,000 new share-owners a year will be met on a sound basis; and, with the help of banks, we'll look back on the coming decade as a time when, through broader share-ownership, we took a bold step forward. (END)

April 1958

20 years ago, Canada's iron ore production was negligible. Today an important world source, shipments of Canadian iron ore reached close to 22,000,000 tons in 1956. In the same year, production of steel ingots and castings was 5,305,805 tons, an increase of some 66% in seven years.

iron & steel  
hold

## KEY POSITIONS in Canada

Another important element in Canada's economy—and strength—is her banking system, whose largest member (and fourth largest in North America) is The Royal Bank of Canada. If you have among your clients firms or individuals who wish to explore business and financial opportunities in this fast growing country, you are invited to call on the "Royal" for practical assistance and helpful counsel. A widespread network of "on-the-spot" branches, plus an alert, well-organized Business Development Department, enables us to supply up-to-date information on specific areas and activities—complete banking facilities—and many specialized services outside the realm of routine banking.

### THE ROYAL BANK OF CANADA

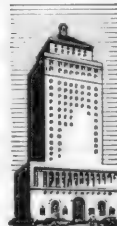
Head Office: Montreal

New York Agency—68 William St., New York 5, N. Y.

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# GOVERNMENT BONDS

*Market Improvement Continues . . . New 8½-year 3% Bonds  
. . . Reduction in Reserve Requirements and Rediscount Rate  
. . . Rise in Debt Limit . . . Treasury Bills Erratic*

MURRAY OLYPHANT

THE monthly letter of one of the Federal Reserve banks surveyed the opinions of economists expressed in their various meetings, reports, speeches, and so forth, in an article entitled "Alice Through the Looking Glass!" This seems to be a reasonable characterization of the immense difficulty of arriving at a really worthwhile forecast of the business outlook. There seems to be a consensus that, in the long run, the tide will turn for the better, but when the turn will come, soon or later, is anyone's guess.

From the standpoint of the cost of money and credit, however, it is a certainty that ample credit will be made available. Hence for some time the market for Government securities should continue to rise. Peak prices can be expected in the future. Certainly what happened in February confirmed that prospect.

## Market Improvement Continues

Very briefly, between January 30 and February 28 the whole Government list, from short to long maturities, had more buyers than sellers, with a consequent price increase.

The yield on the longest Treasury bills declined from about 1.76% to about 1.22%. Nearly all of the intermediate-term issues rose from about ½ to 1 point or more. The longer bonds made gains of from 1 to nearly 1½ points. Two new issues offered at 100 (2½% certificates 2/14/59 and 3½% bonds 2/15/90) rose to premiums.

After March 1 a new issue of 8½-year 3% bonds for cash subscription halted the rise and resulted, temporarily, in a modest price reaction. But the heavy oversubscription for the new issue had a tonic effect and prices started to improve once more.

Largely because of the attrition of

about \$1,450,000,000 resulting from the heavy February refunding, the Treasury needed money and, to get it, offered about \$1.25-billion of new 8½-year 3% bonds for cash subscription. The offering was heavily oversubscribed, as total subscriptions of about \$6,715,000,000 were over five times the amount offered. Allotments were only 20% of the amounts subscribed for.

Apparently banks subscribed for about half of the total. They were permitted to subscribe for an amount "not exceeding 25% of their combined capital, surplus, and undivided profits" and to pay, as usual, by credit to their Treasury tax and loan accounts. All other subscribers had to put up 15% of their subscriptions, which seemed to lessen the number of "joyriders."

The new issue sold up to a premium of ⅝ in the "when issued" market.

## Reduction of Reserve Requirements and Rediscount Rate

In mid-February the reserves required against the demand deposits of all member banks were reduced by ½%. It was estimated that this gave the banks about \$3-billion more lending and buying power. As the reduction became effective before March 10, when payment was due for the new 3% bonds, it pretty well assured the heavy bank subscriptions for that issue. Bank loans were not increasing, the funds were available, and a 3% rate for less than 10 years on a Government obligation was an attractive addition to bank portfolios.

Further evidence of the attitude of the Federal Reserve authorities came on March 6 when the Reserve banks in New York, Chicago, and Philadelphia were the first to lower

the rediscount rate from 2¾% to 2¼%. Actually this does not add anything at all to the credit supply, but it would hardly have been permitted had the Reserve authorities expected an upturn in business volume in the near future.

Moreover, the Federal Reserve authorities let it be known that they were favorably disposed to the American Bankers Association program for realistic adjustment of the present anachronistic schedule of reserve requirements, but they seemed to feel that the matter should be thrashed out in Congress. Thus, it may be some time before anything constructive is done.

## The Debt Limit Raised

The Senate finally agreed with the House and raised the debt limit from \$275-billion to \$280-billion. The raise was good for one year only, as it expires on June 30, 1959. Prior to the passage of the bill, the Treasury had been forced to monetize \$100,000,000 of the \$500,000,000 still in the free gold account, as the debt subject to limitation had risen to over \$274.5-billion.

Now the Treasury is in a more comfortable position. The excess of Treasury deposits over withdrawals for February was over \$1-billion, and the balance in the general fund had risen to nearly \$4.5-billion by February 28. Heavy tax receipts were due in mid-March. True, \$3-billion special bills matured on March 24, most of which would be used to pay taxes on March 15, so that new cash financing is expected early in April. However, the Treasury can now issue what the market seems to need. The offering will probably be held to the short maturity range.

Thereafter no refinancing will be  
(CONTINUED ON PAGE 16)



# Coverage...

Here is a title-breakdown of  
**BANKING'S** total PAID subscription\* circulation

BANK OFFICERS AND OTHERS	SUBSCRIBERS	PERCENTAGE OF TOTAL
Presidents . . . . .	12,082	33.02
Directors, Board Chairmen, Trustees . . . . .	6,041	16.51
Executive Vice Presidents, Vice Presidents, Assistant Vice Presidents, Trust Officers, Treasurers, Secretaries, Attorneys, Public Relations, Auditors, Personnel and Comptroller . . . . .	6,168	16.86
Other executives: Department Heads, Supervisory and Branch Managers . . . . .	2,407	6.58
Cashiers . . . . .	2,596	7.10
Bank Employees . . . . .	1,420	3.88
Banks . . . . .	1,603	4.38
Government—Officials and Departments . . . . .	271	.74
Colleges and Libraries . . . . .	2,614	7.14
Miscellaneous . . . . .	1,176	3.22
Awaiting Classification by Business & Industry . . . . .	207	.57
	<b>36,585</b>	<b>100.00</b>

\*For the issue of November 1957, as filed with the Audit Bureau of Circulation, subject to audit.

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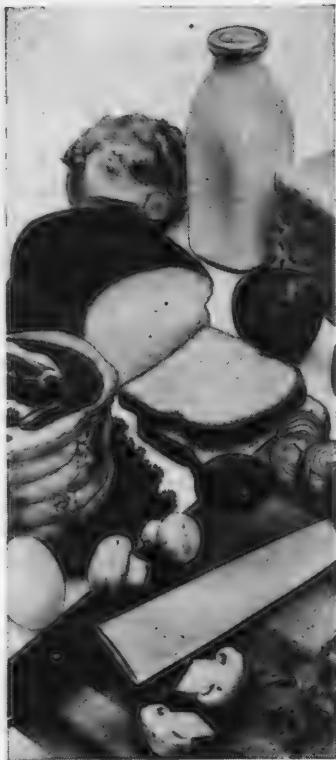
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# **BANKING**

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



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(CONTINUED FROM PAGE 14)

needed until June, when there are maturities of about \$9.5-billion.

### Treasury Bills Erratic

The weekly sales of Treasury bills made a rather peculiar record. Starting at an average cost to the Treasury of 1.58% on February 3, sales on February 10 and 17 were at 1.73%, but dropped sharply to 1.20% on February 24 and then rose to 1.35% on March 3.

During most of the month, dealers took on an oversupply, and when the month ended they appeared to be holding the bag, as the longest bills were quoted 1.42%-1.39% on March 6.

This might have been expected to result in an increase in repurchase agreements at the Reserve banks, but these had all been cleaned out by February 27 and there was only a small amount one week later. Apparently the dealers had been able to get accommodations elsewhere on more favorable terms. There were rumors that some prospective purchasers of bills had held off because of the low return and had, instead, increased their time deposits with the banks.

Rather unexpectedly, in view of the shrinkage of available short maturities, the Treasury reduced the amount of bills outstanding by replacing a maturity of \$1.8-billion on March 10 with only \$1.7-billion new bills.

### Bank Position Easier

In spite of very little activity by the Open Market Committee, whose portfolio declined about \$116,000,000 between January 29 and March 5, the member banks maintained a consistently easy money position. True excess reserves averaged pretty close to \$500,000,000 for the 5-week period, while borrowings dropped to the low average of only about \$233,000,000. This was largely due to the lack of any renewed demand for loans.

Having available purchasing power, the banks increased their investments, adding about \$900,000,000 to their Government portfolios and about \$200,000,000 to their "other" investments. Government bond holdings rose over \$1.3-billion. Certificates declined \$680,000,000. The bond holdings rose further after March 10, when the new 8½-year 3% bonds were paid for.

### The Outlook

To sum up: The Government is going to spend more money in an attempt to provide more jobs and encourage the consumer.

The monetary authorities are going to see that ample credit is available and they will encourage its use.

The relationship between the supply of and demand for credit will be weighted on the side of supply.

It looks as though the cost of money will be less and bond prices higher.

### Investment Do's and Don'ts

**H**ERE are some practical points suggested to the Pennsylvania Bankers Association Investment Forum by Sigurd R. Wendin, Detroit investment counselor:

- (1) Policy and program cannot be overemphasized.
- (2) Regard bonds as "stranger" loans and set up a review procedure just as in local credits.
- (3) Buy bonds on the same, or better, standards as you use for granting local loans.
- (4) Low earnings should not force inclusion of bonds of borderline credit or excessive maturity. The problem can be met with less risk exposure in other types of earning assets.
- (5) The higher the local loans, the lower should be bonds other than Governments.
- (6) The higher the local loans, the shorter should be the bond maturity distribution.
- (7) Outside of cash and cash equivalent items, which involve practically no risk, remember that all earning assets involve a credit or a market risk, or a combination of both. So it is imperative to achieve reasonable balance in relation to the bank's capital position, which in reality is one measure of the bank's ability to take risks.

Mr. Wendin said that under current conditions U. S. Treasury, Federal agency, and tax-exempt bonds appeared relatively more attractive for the 52% tax bracket bank than did many corporate issues.



## UNION CARBIDE CORPORATION

### 1957 Annual Report Summary

	<u>1957</u>	<u>1956</u>
Sales.....	\$1,395,032,817	\$1,324,506,774
Net Income.....	133,740,818	146,233,444
Per Share.....	4.45	4.86
Dividends Paid.....	108,307,512	91,956,493
Per Share.....	3.60	3.15
Earned Surplus.....	605,530,309	580,097,003

Current Assets.....	\$ 639,190,691	\$ 715,406,189
Current Liabilities.....	216,302,892	237,656,800
Total Assets.....	1,456,353,350	1,459,748,536

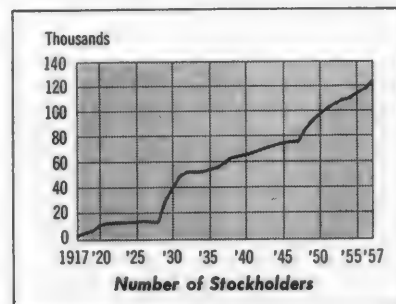
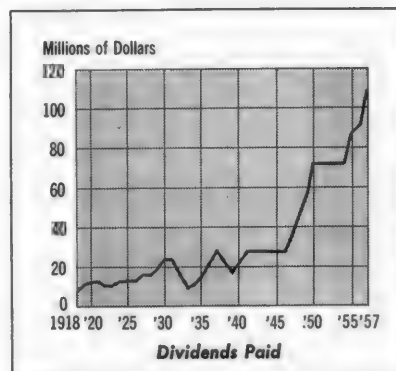
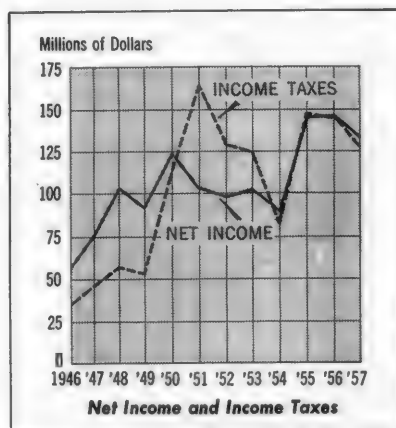
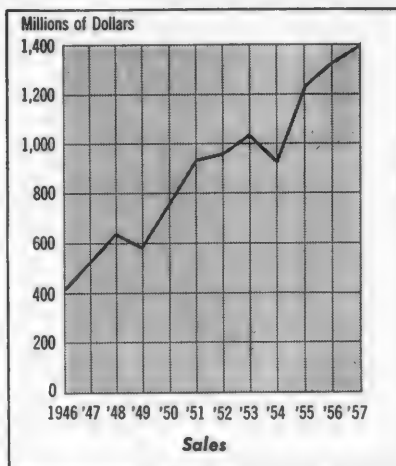
Shares Outstanding.....	30,067,123	30,088,510
Number of Stockholders.....	123,943	118,391
Number of Employees.....	77,000	79,000



Copies of the complete 1957 Annual Report of Union Carbide Corporation will be furnished on request. An illustrated booklet describing the products and processes of Union Carbide also is available. If you wish copies of these booklets, please write to the Secretary, Union Carbide Corporation, 30 East 42nd Street, New York 17, N. Y.

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# The Investment Markets

**H. EUGENE DICKHUTH**

**T**HE over-all picture in the investment markets is one of extremely heavy current demand, considerably in excess of measurably available funds. This situation was aggravated when the United States Treasury took nearly \$3-billion out of the market by its refinancing of 3½s due in 1990 and by the sale of 3s due 1966, the last one all new money. There may be an additional gathering of long-term funds through Fanny Mae.

The municipal market, so far this year, has been quite heavy. It was offered in the first two months of this year more than \$1.5-billion in bonds. This corresponds to an annual rate of about \$9-billion. The latter is of vital concern as an anti-recession measure, and there is validity to the school of thought that the Treasury should not compete in times like these for available funds of that type.

### Corporate Borrowings Heavy

Even though the rate of capital investment may decline in the areas of plant construction and improvement, against previous years, corporate borrowings on long-term indebtedness remain heavy owing to the increase in costs of up-to-date equipment.

Mortgage money is still wanted in large amounts. Lenders are as cau-

tious as ever. Many tracts are being developed for speculation rather than on firm orders to buy, and, with declining interest rates, competition becomes keener.

### Downward Pressure

In some instances, there has been some downward pressure on prices and an increase in yields. A yield of about 4% appears to be the stabilization point for new high-grade corporate debt obligations as the bond market approaches the end of a very busy winter season. Yields in the corporate bond market have been tending down, but with wide fluctuations. Congestion, which seemed to be building up in the new issue market appears to be easing off at this writing. Some of the reasons for this include the rate hunger by institutional investors and pension fund custodians in an era of declining interest rates.

The investment markets have been as incongruous as the economy as a whole. There are over 5,000,000 persons unemployed in the U. S. and more than 62,500,000 employed. Yet, wholesale food prices and others reached new highs. In the investment markets, there was a very heavy supply of new bonds at a time of recession. The business slack made for low yields and the large bond offerings made for a shading of yields. Thus, pricing of new issues was difficult indeed.

### An Investment Right Arm

**Y**OUR city correspondents feel a responsibility and obligation to help you in every way they can. So far as investments are concerned, they have the facilities, personnel, and experience to serve as your good right arm. They will send you all the regular economic and investment material they have available. They will reply promptly to your inquiries; they will welcome your telephone calls and your visits to their offices; and they will be delighted to call on you and provide assistance in your own office. But in the final analysis the initiative required to take full advantage of these services must be your own. Your city correspondents offer you the opportunity. How effectively you use them is largely up to you. —HARRY W. ANDERSON, vice-president, Merchants National Bank, Boston, at the Pennsylvania Bankers Association Investment Forum.



# STATEMENT



# OF CONDITION

At the Close of Business March 4, 1958

## Directors and Advisory Directors

<b>CLAUDE G. ADAMS*</b> Vice President, Bozell International Airways	<b>C. A. MANGOLD, JR.*</b> President, American Laundry Co.
<b>NATHAN ADAMS*</b> Honorary Chairman of the Board	<b>MADSEN MANNING</b> Chairman, Executive Committee
<b>JOE AGEE*</b> Senior Vice President	<b>A. D. MARTIN</b> President, Central Engineering and Supply Co.
<b>GEORGE N. ALDREDGE*</b> Chairman, Loan Committee	<b>HARRY S. MOSS</b> Independent Oil Operator
<b>H. W. BASS</b> Chairman of the Board, Harry Bass Drilling Co.	<b>WILLIAM F. NEALE</b> President, William F. Neale & Co.
<b>HENRY C. COKE, JR.</b> Coke & Coke, Attorneys	<b>J. B. O'HARA</b> Chairman of the Board, Dr. Pepper Co.
<b>ROSSER J. COKE</b> Coke & Coke, Attorneys	<b>HYMAN PEARLSTON</b> President, Higginbotham-Pearlstone Hardware Co.
<b>CARR P. COLLINS</b> Chairman of the Board, Fidelity Union Life Insurance Co.	<b>G. U. PICKERING*</b> President, Vitalic Battery Co., Inc.
<b>J. B. DONOVAN*</b> President, Donovan Manufacturing Co.	<b>H. NEVILLE PIERCE*</b> President, Southern Fertilizer & Chemical Co.
<b>EARL FAIN*</b> Investments	<b>N. P. POWELL</b> Oil and Investments, Tyler, Texas
<b>EDGAR L. FLIPPIN*</b> Investments	<b>W. L. PREHN*</b> Consultant, Brazilian Telephone Co., Rio de Janeiro, Brazil
<b>HANS C. GLITSCH</b> President, Fritz W. Glitsch & Sons, Inc.	<b>HUGO W. SCHOELLKOPF*</b> Chairman of the Board, The Schoellkopf Co.
<b>R. A. GOODSON</b> Vice President and General Manager, Southwestern Bell Telephone Co., Texas Area	<b>J. FRED SCHOELLKOPF, JR.</b> Investments
<b>W. A. GREEN, JR.*</b> Investments	<b>E. E. SHELTON</b> President, Great National Life Insurance Co.
<b>S. J. HAY</b> President, Great National Life Insurance Co.	<b>ARTHUR STAR*</b> Investments
<b>JOHN T. HIGGINBOTHAM</b> Chairman of the Board, Higginbotham-Bailey Co.	<b>R. H. STEWART, JR.</b> Investments
<b>JOSEPH L. HIGGINBOTHAM*</b> Vice President, Higginbotham-Bailey Co.	<b>J. C. TENISON*</b> Investments
<b>ROY W. HILL*</b> President, Radio City Distributing Co.	<b>ROGER L. TENNANT*</b> Investments
<b>ERNEST HUNDAHL*</b> Manager, Southwest Division, United Benefit Life Insurance Company and Mutual Benefit Health and Accident Association	<b>ARCH S. UNDERWOOD*</b> President, Union Compress & Warehouse Co., Lubbock, Texas
<b>T. E. JACKSON</b> Southwestern Manager, Pittsburgh Plate Glass Co.	<b>JACK C. VAUGHN*</b> Oil Producer and Co-Owner, Spartan Drilling Co.
<b>JOHN J. KETTLER</b> Senior Vice President	<b>TRAVIS T. WALLACE*</b> President, Great American Reserve Insurance Co.
<b>LOUIE KIMBLE*</b> President, Dixie Wax Paper Co.	<b>ROBERT F. WEICHEL*</b> Vice President and Treasurer, Great National Life Insurance Co.
<b>ERNEST L. KURTH*</b> President, Southland Paper Mills, Lufkin, Texas	<b>JAMES RALPH WOOD</b> President, Southwestern Life Insurance Co.
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<b>EUGENE McELVANEY</b> Senior Vice President	<b>TODDIE LEE WYNNE</b> President, American Liberty Oil Co.
<b>ROBERT E. MCKEE, JR.</b> Vice President, Robert E. McKee General Contractor, Inc.	

\* Advisory Directors

## ASSETS

Cash on Hand and Due from Banks . . . . .	\$210,645,662.19
United States Government Obligations . . . . .	\$88,940,005.98
Public Housing Authority Obligations (Fully Guaranteed) . . . . .	4,321,285.46
State, County, and Municipal Bonds . . . . .	14,891,100.01
Other Bonds . . . . .	6,915,019.50
Stock in Federal Reserve Bank . . . . .	1,533,000.00
Loans and Discounts . . . . .	349,482,229.65
Commodity Loans . . . . .	9,774,706.54
Federal Funds Sold . . . . .	5,000,000.00
Income Accrued . . . . .	2,491,106.43
Letters of Credit and Acceptances . . . . .	11,637,849.73
Banking House and Equipment . . . . .	9,475,611.79
Other Assets . . . . .	319,480.22
	<hr/>
	\$715,427,057.50

## LIABILITIES

Capital Stock . . . . .	\$ 23,100,000.00
Surplus Fund . . . . .	28,000,000.00
Undivided Profits . . . . .	5,897,534.33
Reserved for Contingencies . . . . .	\$ 56,997,534.33
Reserved for Taxes, Etc. . . . .	7,968,097.72
Deferred Income . . . . .	6,612,261.38
Letters of Credit and Acceptances . . . . .	2,281,383.35
	11,637,849.73

## DEPOSITS:

Individual . . . . .	\$443,196,765.55
Banks . . . . .	170,177,359.26
U. S. Government . . . . .	16,555,806.18
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	629,929,930.99
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	\$715,427,057.50

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# NATIONAL BANK in Dallas



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Heard Along Main Street

*For space reasons, BANKING regrets that it must arbitrarily limit, in any one issue, the number of items used covering important personnel changes in the banks of the country. Many must be held over.*

## About People

OSCAR S. CAPLAN, trust officer, also becomes vice-president, Central Bank & Trust Company, Miami. Judge Caplan served 30 years on Illinois probate and municipal bench.

HENRY BRUÈRE, honorary board chairman, Bowery Savings Bank, N. Y., and pioneer in city management, died on February 7 at Winter Park, Fla., at the age of 76.

ELEANOR C. WATERS, from assistant secretary to assistant vice-president, Seaman's Bank for Savings, New York.

JOHN D. BESWARICK becomes vice-president, Fidelity Trust Company, Pittsburgh, Pa.

EARL W. MCGANN, executive vice-president and treasurer, Waterbury (Conn.) Savings Bank, becomes president and treasurer, succeeding EDWIN C. NORTHROP, who becomes board chairman, a new post.

MARVIN K. COLLIE, lawyer, Vinson, Elkins, Weems & Searls, Houston, Tex., becomes president, National Bank of Commerce, succeeding R. P. DOHERTY, who becomes board chairman.



William Cooper, office manager, State-Planters Bank of Commerce & Trusts, Richmond, Va., stars in Richmond production of "Naughty Marietta." He is shown with a nonbank cast member

ANDREW C. COSTARINO becomes vice-president, Bushwick Savings Bank, New York.

WARREN H. LASHER, from executive vice-president to president, Bank of Silver Spring, Md., succeeding WILLIAM D. BLAIR, who becomes executive committee chairman.

JOSEPH M. STIGGINS, from assistant vice-president to vice-president, Merchants National Bank of Mobile.

E. LESLIE HAMMOND, from senior assistant general manager, Midland Bank Executor & Trustee Co., Ltd., England, to managing director, newly formed Bank of Nova Scotia Trust Company (Bahamas) Ltd., Nassau.

WILLIAM H. RAGSDALE becomes president, Oregon Mutual Savings Bank, Portland, succeeding GEORGE F. BRICE, JR., who becomes president of newly-organized Security Bank of Oregon. Also, at Security, JESS J. GARD becomes executive vice-president, MALDWYN C. EVANS, CARL C. DONAUGH become vice-presidents.

FLOYD I. SWANSON becomes vice-president, cashier, newly organized Grandview (Wash.) Security Bank.

GEORGE L. HARRISON, former head, Federal Reserve Bank of New York and of New York Life Insurance Company, died last month at the age of 71.

(CONTINUED ON PAGE 22)



Panelists in a televised discussion featuring The Boatmen's National Bank of St. Louis were, left to right: Harry F. Harrington, president of the bank; Roy D. Kercheval, vice-chairman; Arthur F. Boettcher, vice-president; David H. Morey, vice-president and trust officer; W. Paul Harper, vice-president; John R. Longmire, partner, I. M. Simon & Co., investment brokers; and Arthur Mason, Jr., professor of finance, Washington University. The program on KETC—Channel 9, St. Louis—was one of a series entitled "Your Money at Work," sponsored by the Mississippi Valley group of the Investment Bankers of America



## What's a sea captain doing 2250 miles from sea?

Most people never think of *Chicago* as a seaport. But, actually, as early as the 1830's there were direct exports between Chicago and Europe.

What's more, with the expansion of the St. Lawrence Seaway, Chicago will be one of the busiest seaports anywhere. Over ninety percent of overseas ships making inland calls will turn around here.

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ties of the Continental Illinois Bank.

Our Foreign Department has seen over 75 years of steady growth. On a typical day, this department exchanged 1454 cables, wires and pieces of mail with 45 foreign countries . . . sent cargo sailing over 250,000 miles.

Next time you're in Chicago, we hope you'll drop in and see one of America's biggest and busiest foreign departments in action. When you do, you'll see why so many of our correspondents use it as *their* department.

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Bank Name.....  
Address.....  
City..... Zone..... State.....

## MAIN STREET (Continued)

RUTH F. DAVIDSON, secretary, Savings Bank of Ansonia, Conn., retires after 36 years of service.

JOHN SADLIK, from assistant vice-president to comptroller, Franklin National Bank, Franklin Square, L. I.

JOSEPH J. MOSS, JR., vice-president, Irving Trust Company, becomes assistant head, domestic banking division. Mr. Moss served as lt. colonel on staffs of General Eisenhower and General Bradley as banking operations advisor.

ROBERT T. SHELDON becomes vice-president, Exeter (N. H.) Banking Company.

CHARLES A. TSCHOPP, vice-president and cashier, 1st National Bank & Trust Co. of Paterson, N. J., retires after 52 years in banking.

DORCAS CAMPBELL, from assistant vice-president to vice-president, East River Savings Bank, New York.

ROBERT E. MCDANIEL, from deputy superintendent to superintendent of banks, Ohio, succeeding PAUL HINKLE, who becomes president, Charleston, (W. Va.) National Bank.

ROY C. MAUER, from president to board chairman, First National Bank of Erie, Pa.

N. PAUL DELANDER, 68, former vice-president, First National Bank of St. Paul, and executive, Anchor Casualty Co., Queen City Insurance Co., died February 22.

WILLIAM A. MURIALE becomes deputy controller, Bank of America (International), to work in Milan with Banca d'America e d'Italia.

KENNETH L. VIRCH becomes public relations director, Savings Banks Association of the State of New York.

W. ROBERT DAVIS, from vice-president and president's assistant, to president, Camden (N.J.) Trust Company.

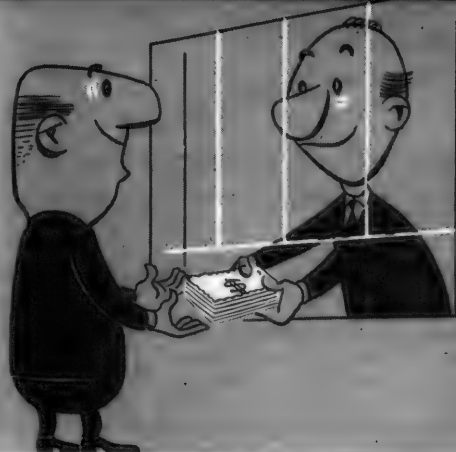
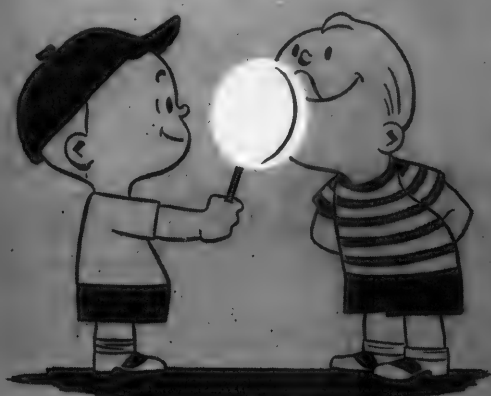
(CONTINUED ON PAGE 26)



Carlisle R. Davis, vice-president, State Planters Bank of Commerce & Trusts, straightens the tie of a pretty State-Planters employee on his special day—Carlisle Davis Bow-Tie Day, annually celebrated by the bank, when most of the employees and even some customers sport bow ties or reasonable facsimiles in his honor. Mr. Davis was the first recipient of the Ayres Leadership Award, presented for his outstanding contribution to banking and the national welfare by The Graduate School of Banking conducted by the American Bankers Association at Rutgers—The State University. He taught credit administration at that school, the A.I.B., and North Carolina Bankers School at the University of North Carolina



Any way you  
look at it...  
it's a  
personal  
loan



## Any way you look at personal loans **Old Republic** can help your business

Old Republic's credit life, accident and sickness insurance is a service that *gets* loans as well as makes them more secure. Old Republic is the company with the most experience in the field . . . with an entire organization devoted to assisting you with both personal help and materials that fit your operation without extra work by your employees.

- *Simple, accepted rate charts*
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- *Personal help when you need it*

FOR BOTH MORE BUSINESS AND MORE SECURITY IN PERSONAL LOANS,  
PHONE, WIRE OR WRITE



## Old Republic Life Insurance Company

*Chicago 1, Illinois*

*Lockheed Management answers your questions about:*

# Lockheed's Activities in Research and Development

---

## **1. How extensive is Lockheed's research and development program?**

Lockheed is presently engaged in research and development activities that probably are the broadest in the aircraft industry. During 1958 Lockheed will be pushing ahead on nearly 100 challenging research and development projects—ranging from highly ingenious manned aircraft designs to studies of ion and other forms of atomic propulsion of air and space vehicles and remote guidance of unmanned space ships.

Lockheed's intensive missile research is reflected in rapidly increased sales. Missile sales represented 8% of Lockheed's all-time record business of more than \$900 million in 1957. This proportion is expected to climb to 20% or better in 1958 as work is accelerated on various Missile Systems Division programs, including the U.S. Navy's long range fleet ballistic missile, POLARIS, for which Lockheed is the prime contractor.

In the field of atomic power, Lockheed's Georgia Division and the U.S. Air Force are constructing the nation's largest laboratory for nuclear aircraft research and testing of radiation effects on aircraft systems. This Lockheed-operated Air Force research center is being constructed on a 10,000-acre site near Dawsonville, Georgia, and will go into service early in 1959.

Lockheed also has devised plans to enter another nuclear field—the design and manufacture of atomic reactors as a source of commercial and industrial power and heat.

## **2. Which of Lockheed's R&D projects has the biggest potential for near-future production contracts?**

*The POLARIS Fleet Ballistic Missile:* Recent history-making technological events have given added impetus to the development of this top-priority U.S. Navy missile. The 1500-mile range of the POLARIS, combined with the Navy's world-wide mobility, could subject virtually any military target on earth (including submarine pens and bases) to swift and devastating retaliatory action from the sea— independent of fixed launching sites.

Lockheed is missile system manager on the POLARIS program, and has already received \$130 million in contracts—for pre-production development work on the POLARIS. There is every assurance that Lockheed will receive production contracts for the POLARIS in large quantities—as this solid propellant space-age missile fills a vital need in our nation's total defense program. (See POLARIS organization chart, opposite page.)

## **3. What is Lockheed's position in the field of electronics research and development?**

Lockheed's pioneering leadership in airborne electronics—and the fact that Lockheed has designed and built more Anti-Submarine Warfare and Airborne Early Warning radar planes than any other company—will continue to be an important source of new contracts for Lockheed.

Lockheed's policy, in the past, has been to do the design and development work on airborne electronics—working alone or in close cooperation with various electronics manufacturers—and to leave the actual production manufacturing to firms specializing in this field. Today, however, Lockheed management is studying the acquisition of an electronics manufacturing facility of its own because the increasing complexity and costliness of today's airborne electronics require a better integrated working relationship. Too, with Lockheed manufacturing its own electronics gear and components it would be better able to control production schedules and fulfill contract commitments.

#### 4. What areas of advanced research is Lockheed presently engaged in?

The following list is necessarily incomplete, due to the omission of those research projects which by their mere listing would reveal their significance and thereby violate security:

1. *Effects of gravity on electrical flow (outer space communication)*
2. *Superconductivity of materials at low temperatures (relative to manned space flight)*

3. *Hydromagnetic shock waves—100,000 mph, 100,000 degrees centigrade—to study flow of ionized gases at extreme Mach numbers (relative to ion engines for space travel)*

4. *Study of opacity of air (and effects on very high speed flights in atmosphere)*

5. *Cosmic ray investigation (space flight)*

6. *Ion propulsion (of space vehicles)*

7. *Physiological endurance limits in outer space travel (man's capacity to cope with new environmental sensations and hardships)*

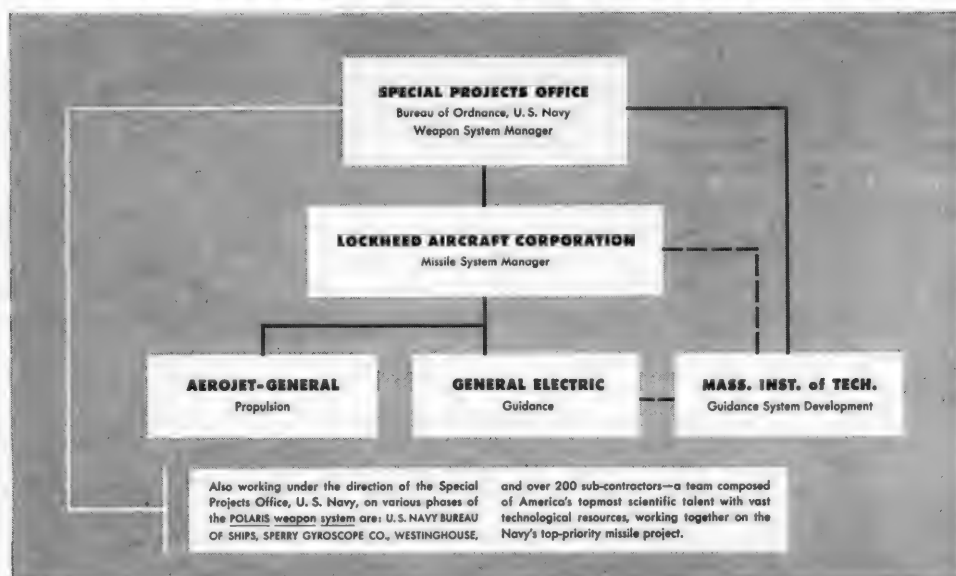
8. *Infrared radiation studies (leading to instruments for collision avoidance of manned aircraft)*

9. *Advanced astronautics (navigation in space)*

10. *Solar energy studies (leading to electrical power for radio transmission of data from orbiting satellites)*

Lockheed, always in the forefront of technological developments, is expanding its research activities to include new frontiers. In Lockheed's vast laboratories, a dedicated staff of scientists is working to improve the world we live on, and to achieve new miracles in man's swift conquest of outer space.

**This is the task force developing the POLARIS—new Fleet Ballistic Missile for the U. S. Navy:**



**LOCKHEED means leadership**

**"Surplus" and "Deficit"**



Doves in a gilded cage, displayed at State Bank & Trust

THE official family of State Bank & Trust Company, Evanston, Ill., increased by one when the bank's display of two white fantail doves, affectionately dubbed "Surplus" and "Deficit," became proud parents of a little dodeling. Bank officials solicitously added a pink and blue maternity wing to the birds' gilded cage when the impending event became apparent, and when the nest-egg hatched—well, public interest was overwhelming! One interested depositor went so far as to make a little coverlet for the nursery. The tiny visitor's name became a matter of public concern, so the bank ran a contest. Anyone who opened a new account with \$1 or more, or added \$1 to his present account, could enter. "Billie Due" won.

Then, when all the excitement was over, 8-year-old Susan, daughter of Vice-president N. E. Bibow, took back the two doves she'd loaned the bank plus her interest—Billie Due.

UNITED STATES SILVER "PEACE DOLLARS" are presented by L. C. Marshall, left, executive vice-president, Chase Manhattan Bank, to Blanche Thebom, mezzo-soprano of the Metropolitan Opera, and Byron Janis, concert pianist, both of whom will represent this country at the Brussels World's Fair (April 17-October 19). The "peace dollar," which is the only coin issued by any country in the 20th Century bearing the word "peace," is being distributed in cooperation with the Numismatic Committee of the People-to-People Program, in an effort to get American citizens abroad to carry this coin as a reminder to tell peoples with whom they come in contact of the American desire for world peace. As of this writing, Chase Manhattan had distributed 40,000 of these coins at face value since the start of the campaign



**"A Friendly Bank" Opens at 3 A.M. to Aid Firemen**

THE Berwick (Pa.) Bank calls itself "a friendly bank," and here's evidence that it is, indeed.

At 3 o'clock on a cold Saturday morning, a \$1,000,000 fire started in the town's main business block, diagonally across from the bank. At 3:15 A.M. President Ario H. Everett opened his institution, and for the next 12 hours it was headquarters for the battle against flames.

Fire fighters were invited into the bank to get warm in the 7-degree weather. Also, equipment and records of business firms threatened by the flames were taken in for safekeeping; so was property of families in nearby apartments.

Mr. Everett, Cashier Roland W. Hortman, Assistant Cashier Albert A. Crouse, and other volunteers served hot coffee and sandwiches to the men. The Salvation Army used the bank as headquarters and carried coffee to the firemen on the ladders. The canteen functioned until 3:30 P. M.

ROY W. CHAPMAN, former owner, Model Loan Co., becomes vice-president, National Bank of Decatur, Ill.

ALBERT M. BRINKLEY, JR., from president, First National Bank, Kingsport, Tenn., to executive vice-president, Union Planters National Bank, Memphis.

R. WILLIAM PHELAN, from assistant vice-president to vice-president in charge of New York service office, Citizens & Southern National Bank, Atlanta, Ga., replacing JAMES P. FURNISS, who returns to Atlanta on June 1.

C. O. ELLINGEN, from vice-president to senior vice-president, Citizens Division, Security First National Bank, Riverside, Calif.

LEONARD C. MACCARTHY, from vice-president, Securities Investment Company of St. Louis to vice-president, Bank of St. Louis.

MORRIS F. DECASTRO, from cashier and executive vice-president to president, West Indies Bank & Trust Company, Virgin Islands, succeeding Irwin W. Silverman, who resigns. Mr. deCastro was V. I. governor.

CLIFFORD W. CRAMP, from president, Madison County Trust Co. of Oneida to vice-president, trust officer and manager of Oneida office, Lincoln National Bank & Trust Company of Syracuse, N. Y.

J. V. SATTERFIELD, JR., from president to chairman of board, First National Bank, Little Rock, Ark.; EARL L. MCCARROLL, from executive vice-president to president.

KENT RAVENSCROFT, from president, First National Bank of Clayton to vice-president in charge of business development and public relations, St. Louis County National Bank, Clayton, Mo.

PAUL C. HENDERSON, assistant secretary, also becomes vice-president, Institutional Securities Corporation, New York.

DONALD M. CARLSON becomes president, Elmhurst (Ill.) National Bank. (CONTINUED ON PAGE 28)



Mr. Loan Officer

**LAWRENCE**

**FIELD WAREHOUSE RECEIPTS**

**YOUR STRONGEST  
LINK TO  
SECURITY**

Inventory financing through Lawrence Field Warehouse receipts is an important method of credit accommodation. Lawrence receipts enable you to convert your open lines to safe, secured loans. So, Mr. Loan Officer, make valued friends of customers — new and old — by recommending Lawrence Field Warehouse service. It is available to manufacturer and distributor alike.

LAWRENCE ON WAREHOUSE RECEIPTS



... IS LIKE CERTIFIED ON CHECKS

**LAWRENCE WAREHOUSE COMPANY**

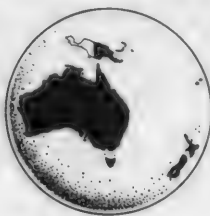
**NATIONWIDE FIELD WAREHOUSING**

37 Drumm Street, San Francisco, California  
100 N. La Salle Street, Chicago 2, Ill. • 79 Wall Street, New York 5, N.Y.  
OFFICES IN PRINCIPAL CITIES

# The BANK for INFORMATION on AUSTRALIA

The United States Department of Commerce describes Australia as a country with a good potential and a good country in which to invest.

If you require industrial, economic, or market information



on Australia, you are invited to use the comprehensive facilities of the Bank of New South Wales, the oldest and largest commercial bank operating in Australia, New Zealand, Fiji, Papua and New Guinea, with over 1,000 branches and agencies.

## BANK OF NEW SOUTH WALES

ESTABLISHED 1817

Head Office: Sydney, Australia

British and Foreign Department—John W. McEwen, Manager



Head Office, Sydney

## WHO RENDERS THE SERVICE?

The banker, the mailman, and the printer combine to speed up delivery of bank checks to the user. When orders for imprinted checks were the exception rather than the rule—as they are now—banks cleared them in a jiffy and the mailman delivered them promptly, so service was fast or slow depending on what the printer did.

This picture has changed. We can no longer claim fast service simply because our records tell us that 99.06% of all orders were shipped within three days—as was the case in 1957. Banks are having difficulty clearing the orders simply because there are so many. Mail deliveries have slowed up because of sheer volume. The result is an increase in elapsed time as measured by the user.

For the past two years we have had one man assigned to the job of contacting postal people and studying routing. He has received splendid

cooperation from the authorities and in a number of instances has succeeded in winning acceptance for changed handling procedure that has contributed to better service. We appreciate the problems confronting the post office department and we certainly recognize our dependence on its service. Almost to the same degree are we dependent upon the banker, so it might not be too presumptuous on our part to suggest that bankers examine their methods for processing orders. The quicker they start them on their way to us, the quicker we can get them in the hands of their customers.

As time goes on, we anticipate a greater demand for faster service. With mechanized handling on the way, James C. Morrison can't use just any check; he has to use *his* check and he must be supplied at all times. The three of us can join to make this possible.



### Manufacturing Plants at:

CLIFTON, PAOLI, CLEVELAND, INDIANAPOLIS, CHICAGO,  
KANSAS CITY, ST. PAUL, DALLAS, CHATSWORTH

## MAIN STREET (Continued)

GRAYSON GUTHRIE, from vice-president to executive vice-president, director, Central Savings Bank & Trust Company, Monroe, La.

DR. ROBERT R. DOCKSON, professor of marketing and head of marketing department, University of Southern California, becomes consulting economist, Union Bank, Los Angeles.

GEORGE W. BARTRAM, from assistant secretary and treasurer to vice-president, Potter Bank & Trust Company, Pittsburgh, Pa.

JAMES P. FITCH becomes vice-president, Marshall & Ilsley Bank, Milwaukee, Wis.

Bank of America's SAMUEL B. STEWART (vice-president and general counsel), will serve as chairman for the 1958 Campaign Leaders National Conference to be held in June at Dayton, Ohio. This eighth annual meeting of volunteer campaign leaders represents more than 400 United Fund and Community Chest cities in the United States and Canada, and last year served as an orientation-point for leaders who guided 2,100 such campaigns to a record attainment of \$412,000,000.

(CONTINUED ON PAGE 30)



Russell G. Smith, executive vice-president in charge of international banking activities, Bank of America, right, is invested as Officier de la Legion d'Honneur in the name of the French government by Robert Luc, left, consul general, for services rendered in the Franco-American cause. Mr. Smith has been a United States Government advisor on international banking and active in national and international organizations



## NOW, PLAY ME A CONCERTO

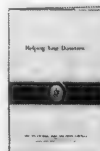
Pick any leading businessman you know. Offer him the finest violin obtainable. Give him the score of the most beautiful theme ever written. Then command him to play.

You'll be lucky if he makes out as well as the popular jokester who fiddles "Love In Bloom."

Yet many a bank director finds himself put on the spot in just that way. Tapped to serve because he has made an outstanding success in a business he knows, he is made a director of his bank . . . ergo, he's a banker and should make wise banking decisions.

A friend of ours named O'Grady\* . . . ex-bank examiner turned auditor . . . recognizes this problem in a booklet he refers to

as "the care and feeding of bank directors." Had he written with all the droll humor he exhibits in conversation, we'd charge for it and be sure of a spot on the best-seller lists. Instead, he has written in a straight informative style, so we're giving it away free. If you'd like a copy of this interesting treatise on the problems and pitfalls of the man who becomes a bank director, just write for "Helping Your Directors," Advertising Division, Mellon Bank, Mellon Square, Pittsburgh 30, Pennsylvania.



\*Robert D. O'Grady, Chief Auditor, Mellon Bank

### MELLON NATIONAL BANK AND TRUST COMPANY

CAPITAL \$61,648,500

PITTSBURGH

SURPLUS \$180,375,000

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Keep A Pace Ahead of Progress —The *ThriftiCheck*® Way!

## Is your bank a THRIFTICHECK client bank?

If not, this message may help you keep a pace ahead of the progress banks are making in fully and semi-automated check handling.

### PREQUALIFY CHECKS—

#### The THRIFTICHECK Way!

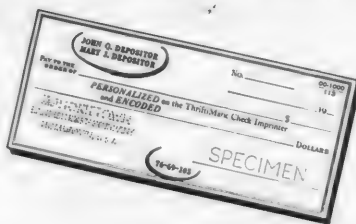
This modern "push button" Imprinter-Encoder enables THRIFTICHECK banks to imprint customers' names and sorting code numbers on checks and deposit tickets in 2 minutes or less. On-the-premises imprinting saves time, cuts costs, and creates better customer relations.



### CONVERSION IS EASY—

#### The THRIFTICHECK Way

Converting your present special checking account plan to THRIFTICHECK can be done easily. New THRIFTICHECK banks are supplied with a complete name-tube library of linotype slugs for present customers. Names of new customers easily added with speedy typesetter. Sorting code numbers are also available. Installation, including orientation of your personnel, is handled by our experienced bank-trained



personnel. THRIFTICHECK is an exclusive service for one bank in each area.

### NO INVESTMENT BY THE BANK—

#### The THRIFTICHECK Way

THRIFTICHECK client banks receive complete operating supplies—without investing a penny. In addition to the speedy on-the-premises Imprinter-Encoder, these include custom-designed checks, choice of checkbook covers, deposit tickets, statements, ledger sheets,

bank-by-mail sets, reorder slips and other forms... plus a constant flow of advertising and promotional material. May one of our qualified representatives explain the many ways THRIFTICHECK can be helpful to your bank in keeping a pace ahead of progress?

**THRIFTICHECK SERVICE CORPORATION**  
100 PARK AVENUE • NEW YORK 17, N.Y.

### MAIN STREET (Continued)

GRAHAM G. GIBLIN becomes executive vice-president, Grandview (Mo.) Bank; J. D. SHELTON becomes first vice-president.

FREDERICK W. OSWALD, from assistant vice-president to vice-president, Manufacturers Trust Company, New York.

JOHN M. BUDINGER, vice-president, Bankers Trust Company, New York, becomes senior vice-president.

JOHN A. MURPHY, LOUIS SCHIFF, from assistant vice-president to vice-president, Trade Bank & Trust Company, New York. Samuel C. Sander also becomes vice-president.

(CONTINUED ON PAGE 32)



Manufacturers Trust Company of New York's new headquarters office at 44 Wall Street, in the first six floors of a 24-story building, gives separate space to traditional and modern decor. Manufacturers pioneered in modern design by erecting a "glass" bank on Fifth Avenue.

The first floor banking room combines white Italian marble, large exterior expanses of window glass, and a glass side wall set in satin aluminum frames. Tones of brown and white are used here, accented with blue and red.

Executive offices on the second floor have kept their old heavy paneling and ceiling decorations, and include 18th century antiques among their furnishings.

Operating departments are on the third through sixth floors, and there are five subbasements. The bank will continue use of its former headquarters premises at 55 Broad Street.





**FASTER THAN THE GRAPEVINE . . .** and far more accurate! At Crocker-Anglo, facts on California are readily available to you and your customers. The facts you want are gathered from dependable sources in the half a hundred communities we serve—and relayed by our own intercommunications system—one of the most advanced in America. Our information is fast as well as factual.

Another reason why banks and bankers like the way Crocker-Anglo does business.

**Administrative Headquarters: 1 Montgomery Street, San Francisco**

Assets over \$1,500,000,000 • Capital funds over \$100,000,000

**70 offices in Northern and Central California**

Member Federal Reserve System • Member Federal Deposit Insurance Corporation



*California's Oldest National Bank*

## MAIN STREET (Continued)

RICHARD W. SCHENK becomes vice-president, First National Bank in St. Louis.

LYNN LLOYD retires as senior vice-president, Valley National Bank, Phoenix; remains on trust committee.

EDWARD D. WILSON, from assistant vice-president to vice-president, Irving Trust Company, New York.

LILLIAN G. SCHOEN, The Greenwich Savings Bank, N. Y., becomes assistant secretary.

GORDON K. CUNNINGHAM, vice-president, Bank of America, retires after close to 50 years of service.

W. W. CAMPBELL, board chairman, National Bank of Eastern Arkansas, Forrest City, appointed to Arkansas Industrial Development Commission by Gov. Orval Faubus.

PHILIP P. BROOKS, JR., from trust investment officer, Ohio Citizens' Trust Co., Toledo, to vice-president and investment officer, Central Trust Co., Cincinnati, succeeding HARRY C. HARSHMAN, who becomes vice-president, Marine Midland Corp., New York.

JOHN A. HURSON, from controller, First National Bank & Trust Co., Kalamazoo, Mich., to assistant vice-president, Republic National Bank of Dallas.

GEORGE H. CLAY, from vice-president, Trans-World Airlines, to vice-president and general counsel, Federal Reserve Bank of Kansas City (Mo.).

Left to right, Milton Glover, senior vice-president, Hartford (Conn.) National Bank & Trust Co.; Robert Johnson, curator, Schoolroom Progress, U. S. A., an educational exhibit traveling around the U. S. A., sponsored in Hartford by Hartford National; Dr. William Flaherty, Deputy Commissioner of Education; Mr. Ostrom Enders, the bank's president; Dr. Edmund Thorne, Dr. Robert Black, Dr. John Langford, school superintendents. These two specially constructed railroad cars, one containing life size replicas of three nineteenth century one-room school houses taken from the Henry Ford Museum and Greenfield Village, Dearborn, Mich., and the other containing five model modern classrooms, will eventually visit some 200 major cities over a three to five year period. Here, curator presents exhibit key to bank and school officials. Seaman's Bank for Savings will sponsor this exhibit in Grand Central Station, New York City, April 8-24



## About Banks

FIRST NATIONAL BANK OF MINNEAPOLIS begins construction of 28-story bank and office building on Second Avenue South.

SOUTH CAROLINA NATIONAL BANK, Columbia, S. C., starts construction of million-dollar Assembly Street bank and office building in May, to be completed early 1959. Plans include walk-up window in parking area, six drive-in teller booths.

WOODLAWN TRUST COMPANY, Aliquippa, Pa., merges into MELLON NATIONAL BANK & TRUST COMPANY. Merger pending: BARCLAY - WESTMORELAND TRUST COMPANY, Greensburg, Pa. into MELLON in mid-April.

GREENWICH (Conn.) TRUST COMPANY and FIRST-STAMFORD NATIONAL BANK & TRUST COMPANY merge, be-

come NATIONAL BANK & TRUST COMPANY of FAIRFIELD COUNTY.

NATIONAL BANK & TRUST COMPANY of SKANEATELES, N. Y., merges into FIRST TRUST & DEPOSIT COMPANY, Syracuse.

AMERICAN TRUST COMPANY opens two branches: Stanford Industrial Park and Stevens Creek, Calif.

COMMUNITY BANK opens 4th office: Stonewood shopping center, Downey, Calif.

PHILADELPHIA SAVINGS FUND SOCIETY opens 16th branch: Oak Lane shopping center, Cheltenham, Pa.

FIRST NATIONAL BANK & TRUST COMPANY of NEW CANAAN, Conn., merges into FAIRFIELD COUNTY TRUST COMPANY.

UNION COMMERCE BANK, Cleveland, opens Public Square building branch.

Merger pending: NEWTOWN (Pa.) BANK & TRUST COMPANY into CENTRAL-PENN. NATIONAL BANK of PHILADELPHIA.

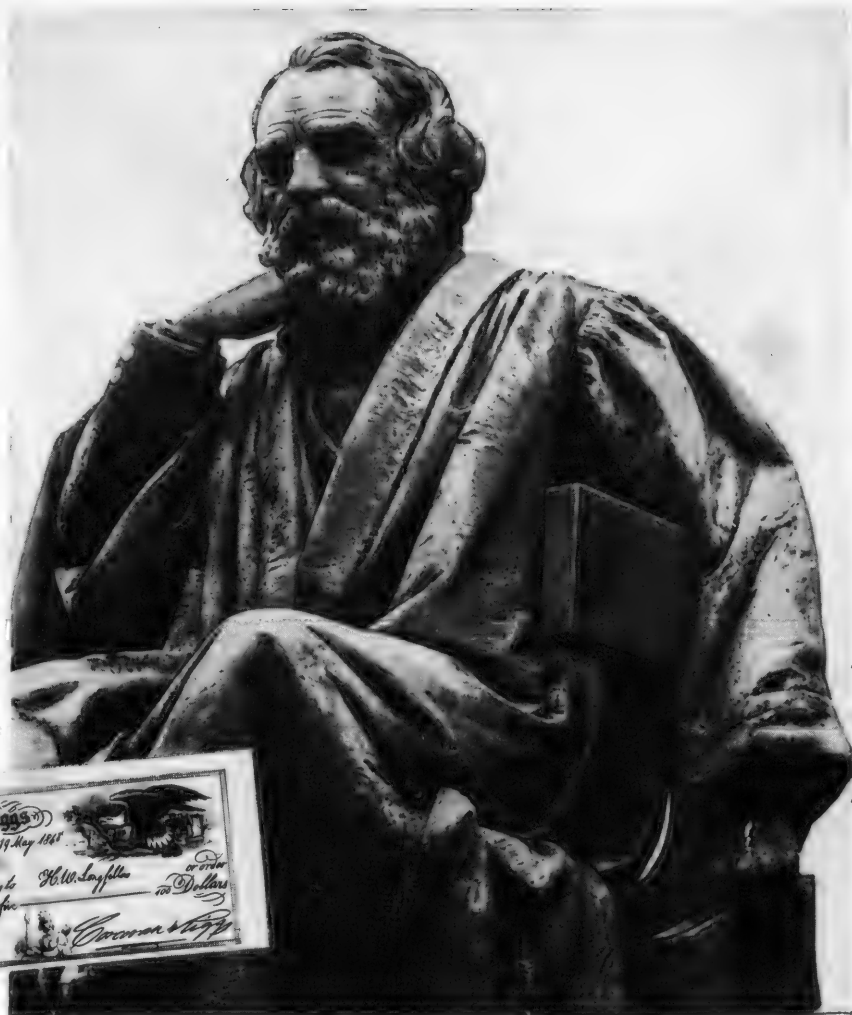
CROCKER - ANGLO NATIONAL BANK opens two offices: Porterville and Tracy, Calif.

LONG ISLAND TRUST COMPANY opens 6th branch: South Farmingdale, L. I.



These three staff members won cash awards for valuable suggestions on methods improvements at Central National Bank, Cleveland. From left: Jane Richards, Lillian Mason, Eileen Rose. Loring L. Gelbach, chairman and president, makes the presentations. In 1957, awards were made at this bank for 131 suggestions

This statue by William Couper was unveiled in 1909 by Longfellow's granddaughter, Erica Thorp, daughter of "laughing Allegra" of "The Children's Hour"



Pay to *Henry W Longfellow\** or order...

... was the way our draft was drawn in 1848, payable to the beloved American poet whose likeness is reproduced here from the statue which sits contemplatively in the little triangle at Connecticut Avenue and M Street, Northwest.

We do not know the purpose of this draft for \$225 written 110 years ago and reproduced above, but we like to think it was in payment of a bit of verse. Longfellow's signature of

endorsement is duplicated in our headline.\*

In any case, it serves to remind us that IN WASHINGTON, D. C., WE'VE KNOWN JUST ABOUT EVERYBODY.

Today, as in 1848, Washington's largest bank is serving Americans in all walks of life with a constantly modernized and improved banking technique, plus the warm personal service that has characterized our institution since the days of Henry Wadsworth Longfellow.

## The RIGGS NATIONAL BANK

of WASHINGTON, D. C.

FOUNDED 1836 • LARGEST BANK IN THE NATION'S CAPITAL

Member Federal Reserve System • Member Federal Deposit Insurance Corporation



4'-square PLEXIGLAS diffusers at Park Avenue office of a large New York City bank

# PLEXIGLAS

...for lighting that stands out and stands up

For lighting equipment that matches the beauty of a handsome interior, choose luminaires incorporating PLEXIGLAS® acrylic plastic. Then you can be sure of clean, uncluttered appearance, and highest efficiency in transmission and diffusion. You can also be sure these advantages will last, because PLEXIGLAS has freedom from discoloration, resists breakage, is a rigid material with a smooth, easily cleaned surface.

We will be glad to send you white translucent samples and a copy of our brochure, "Architectural Lighting with PLEXIGLAS".



*Chemicals for Industry*

**ROHM & HAAS  
COMPANY**

WASHINGTON SQUARE, PHILADELPHIA 5, PA.

*Representatives in principal foreign countries*

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## The OUTLOOK and CONDITION OF BUSINESS

*Doctrine of Cyclical Atonement  
A Fourth Dimension  
Faced With a Harsh Fact  
Remedies, Wise and Otherwise  
Camel, Weasel, or Whale  
Playing Into Moscow's Hand  
Spending Versus Saving  
Prices Up—Business Down  
Work and Hurry*

THE contrast between long and short range forecasts has reached a point where it deserves more careful study for clues to what ails business.

The farther future still inspires optimism but the present is full of unpleasant economic news.

In fact the question of the business outlook has almost turned into a debate between the long viewers who say we are simply not going to allow an economic defeat to come on top of a technological defeat at this point in history, and the near viewers who are up to their eyebrows in statistics and are sure that a rather serious recession is unavoidable.

### *Doctrine of Cyclical Atonement*

One great difference between this and previous recessions is the widespread public determination not to weaken our position of world leadership. On the other hand there seems to be an equal determination on the part of persuasive pessimists to preach the doctrine of an inevitable depression as a kind of cyclical atonement for the sins of business, the White House, the unions, the Federal Reserve Board, and, of course, Senator McCarthy.

It is true that enormous problems of monetary policy, wages, taxes, pricing, and foreign trade stand in the way of any easy solution but those who say we can't af-

ford a depression are not simply faith healers or practitioners of fracto-ceramography (the science of crackpottery). They have some good statistics on their side. One of the best is the vast volume of unsatisfied wants of everyone in the United States and if we had an index of this we would find it at an all time high and rising. It is enough to absorb all of our so-called excess productive capacity.

Also money is becoming easier, a tax cut more likely, inventories are down to a buying point, consumer and business debts are being paid off, savings are rising, population is expanding in a way that works for home building and more activity in all business related to the home. While consumer demand has been keeping up well compared with last year, it has actually been falling behind compared with what should be normal annual growth in consumer demand, thus creating a backlog which many economists feel will provide the chief stimulus for recovery.

Spending for defense and all kinds of public construction is rising and even in the area of declining capital expenditures by business we have an interesting statistic. The leading builder of bank structures, the Bank Building & Equipment Corporation of America, of St. Louis, entered 1958 with a backlog of \$24,000,000 worth of plans on order, about \$3,000,000 more than a year ago.

There are still over 62,000,000 persons gainfully employed in a population of more than 170,000,000. About 5,200,000 are unemployed or unemployable but the rise in population and changing methods of computing unemployment tend to distort this figure.

Any unemployed person would rightly contend there is nothing imaginary about missing paychecks and the tragedy of family financial misfortunes but in this recession there is a large element of mass psychology.

### *A Fourth Dimension*

The recession is two years old and we are still trying to measure how deep it is, how wide and how long. Actually there is a fourth dimension which President

(CONTINUED ON PAGE 143)



UNITED PRESS  
President Eisenhower and Senate Republican Leader Knowland after a White House breakfast at which there was discussion of plans for combating the economic down-trend

## Financial Institutions Act; Economy Bolstering

**I**N THE labored progress of the Financial Institutions Act (S. 1451) through the House of Representatives, Chairman Brent Spence (Ky.) of the House Banking and Currency Committee has played the only role that could insure passage of this controversial bill—that of judicial consideration, fairness, and restraint.

His fairness is indicated again in his announcement that he wants an open rule for the bill when it comes up for debate in the House so that germane amendments can be offered. His patience has brought him, time after time, support from his colleagues on the committee for his determination to get the bill before the House. And, throughout, he has carried on despite tedious and sometimes provoking delays.

There is not much doubt any more that the Financial Institutions Act will be passed but there is still a lot of painful pulling and hauling to get the bill through the House and then

through the sessions of the conference committee of the Senate and House. Some who have followed the bill closely believe that many of the compromises that must be made will occur at the Senate-House conferences.

### Rep. Spence's Views

Mr. Spence certainly has no doubt about the bill. He told BANKING:

"I feel confident the House will pass the bill. After all, the purpose of the bill is good. And many, many want it, not only bankers but others interested in financial affairs and Government."

While he admits that the Financial Institutions Act is "not a perfect bill" and has some things he does not like either, Mr. Spence thinks it

merits careful consideration. For instance, he believes that provisions for the control of bank mergers and consolidations can be strengthened.

Not so fair in Mr. Spence's opinion were the tactics of the bill's irreconcilable opponents. He declared to BANKING:

"The methods used against it were not those that fair men would approve of. A prejudice was attempted to be fomented by unfair statements which were not true.

"It was not true that this is 'a bankers' bill' and controlled by bankers.

"It is a bill for all of the people. In helping the financial institutions of people to function better on a sounder foundation I believe we are helping people."

It was evident that Mr. Spence found some of the criticism captious. He commented that "a great many critics picked up little points and exaggerated them."

He cited sharp criticism of

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THOMAS W. MILES

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changes in Federal usury laws involving conditional sales transactions and noted,

"I think they, for instance, can be stricken."

Fairly general agreement has been reached to incorporate in the Financial Institutions Act the provisions of the Brown Bill (H.R. 7026) dealing with the branching of Federal savings and loan associations. The Brown Bill is more liberal in this respect with Federal savings and loans.

Representative Paul Brown of Georgia, next ranking Democratic member of the House Banking Committee, introduced his bill last winter before the Senate passed the Financial Institutions Act. Except for two changes, one mentioned above, it is a companion bill to the Senate Financial Institutions Act which Mr. Brown has actively supported.

#### Sen. Robertson Comments on Criticism

BANKING found that Mr. Spence's views about the type of some of the criticism are shared by Senator A. Willis Robertson of Virginia. Senator Robertson introduced the Financial Institutions Act and piloted it successfully through the Senate a little more than a year ago.

The day after his interview with BANKING, Senator Robertson declared to the Virginia Bankers Association:

"Those who make the charge that this is a 'bankers' bill' never mention the provisions that strengthen the powers of the banks' supervisory authorities. To mention just a few of these provisions:

"There is the prohibition against conflicts of interest by supervisory agency employees; the requirement for the disclosure of the identity of major stockholders; the authority to limit dividend payments by national banks; the strengthening of the procedure for the removal of bank officers and directors for unsafe and unsound practices; the strengthening of the procedure to terminate FDIC insurance; the prohibition against political contributions by insured banks; and many others.

"Among items called 'sleepers' was a provision permitting national banks to write insurance in cities of under 5,000 population. This statute has been on the books since 1916 and was not changed by the Financial Institutions Act."

Senator Robertson said the "extraordinary charge" has been made that if this provision is continued in the law, it will put the jobs of 200,000 insurance agents in jeopardy.

"How absurd!" he exclaimed. "The statute has been in operation for over 30 years, and there are only 77 national banks writing insurance in cities under 5,000 population."

This is "just one example," he said, "of the fantastic campaign of misrepresentation" that has been waged against the bill.

#### Action on Mergers

Another provision of the Financial Institutions Act that Senator Robertson said some banking critics "don't realize" is one which will restore to the banks' supervisory agencies the approval or rejection of merger proposals. The House passed the Celler Bill which gives the Department of Justice the final say on bank mergers as on those of business corporations.

"The Senate wouldn't take this bill," Senator Robertson declared. He added.

"The last place they [the banks] want to be is under the Department of Justice. And they don't realize that, unless we had it in the Financial Institutions Act, they would be."

#### Factors in Recession's Duration

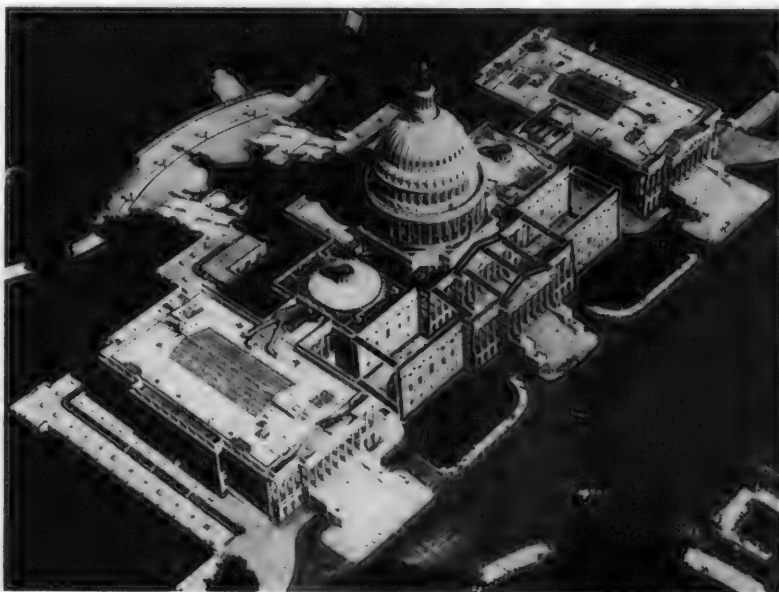
Both the Administration and the Congress are acutely aware of the current economic contraction. Chairman William McChesney Martin of the Federal Reserve Board posed the problem succinctly to the Senate Banking and Currency Committee when he said:

"How soon recession is checked and recovery is resumed will be influenced by the rapidity with which economic corrections and adaptations are made in factors beyond the province of monetary policy, that is to say, in business pricing policies, selling practices, and productive efficiency; in wage bargaining; in various financing arrangements; and in the incentives to consumers to buy."

Mr. Martin believes the recession will be moderate and short-lived if the needed adjustments are made. But he warned that, if revival "becomes exuberant," the dangers of inflationary pressures will be with us again.

#### "Rolling Readjustment"?

For a while the Administration was hesitant about the situation in the hope that what the country is going through is only a necessary "rolling adjustment," albeit a painful one. But that stage is past.



UNITED PRESS  
Sketched on this photo of the Capitol's East front is a proposed alteration which would tear down the center facade and rebuild a marble reproduction of it 32 feet 6 inches from the present walls at an estimated cost of \$10,100,000. Space gained: 62 new offices, two restaurants, 9 storage rooms, 1 private corridor. There's considerable opposition to the plan, outside and inside Congress

As this was written, President Eisenhower proposed in letters to Senator William F. Knowland of California and Representative Joseph W. Martin, Jr., of Massachusetts, Republican leaders in Congress, a 7-point program to speed up public works. With this program the Administration hopes to seize the initiative from the Democrats. The President undoubtedly had the standby Public Works Administration proposal of Senator Albert Gore of Tennessee in mind when he declared:

"I am concerned over the sudden upsurge of pump-priming schemes such as the setting up of huge Federal bureaucracies of the PWA or the WPA type."

### Presidential Proposals

All the President's proposals are of interest to bankers. Very briefly, they are:

(1) Speed the spending of \$200,000,000 for civil projects such as roads and facilities in National Parks and activities of the Bureau of Indian Affairs.

(2) Step up certain water resources projects. Congress will be asked to provide \$186,000,000 in additional funds for the Interior and Agriculture Departments and the Army's rivers, harbors, and flood control. Another \$25,000,000 will be sought for small up-stream flood control projects.

(3) An additional \$200,000,000 has been released to the Housing and Home Finance Agency to stimulate housing for families of modest means where Housing Administrator Albert L. Cole said it will "do the most good."

(4) Congress will be asked to lift restrictions on spending under the Highway Act for three years. This would involve additional apportionments to the states of \$2.2-billion.

### More Military Contracts

(5) The military departments have been instructed to award more procurement contracts in labor surplus areas.

(6) The VA is to make private funds more readily available to veterans under the GI loan guaranty program and the FHLB is to increase the availability of money for investment for home mortgages in areas where there has been a shortage.

(7) Labor Secretary Mitchell has

"Strange Bedfellows"



INDIANAPOLIS NEWS

been directed to prepare a proposal "without intruding on present state obligations and prerogatives" to extend for a brief period the duration of benefits for unemployed wage earners.

### The Economic Report

The President's thinking had some points in common with the report of the Joint Economic Committee on his current Economic Report. The committee, which is headed by Representative Patman, came out February 27 with a report that attached considerable attention in Congress.

It called for the use of monetary action "without hesitation," for the acceleration of such expenditure programs as water resources, including navigation and flood control, water and soil conservation and reclamation, and for a program for better Federal economic statistics.

But if monetary action, expenditure measures, and other actions, public and private, fall short in stemming recession, then, the committee said, "tax reduction will be in order." It was careful to point out, however, that "such action is not now recommended."

Senator Douglas in "a vigorous dissent" (which was considerably longer than the committee's report) called for an immediate tax cut for lower and middle income groups as

"the quickest and most effective way to act." He said:

"Such a tax cut would be fed into the economy almost immediately; it would stimulate demand for goods and services, afford the best hope for stopping the current economic recession, and help to start an economic upturn. The increase in the demand for consumers' goods should also stimulate the demand for, and investment in, capital goods.

Specifically he proposed either that personal exemptions be raised from \$600 to \$700, or that the first \$1,000 of taxable income be taxed at 15% rather than 20%. Either of these proposals could go into effect immediately and could be made retroactive to January 1.

### Excise Tax Suggestions

Senator Douglas further proposed that excise taxes on consumer durables, such as radios, television sets, refrigerators, etc., be repealed; that the excise taxes on the transportation of property and persons and on communications be cut in half. And, he added, if the automobile industry would agree to pass along such a cut in lowered prices, the manufacturer's excise tax on passenger automobiles should be reduced 50%.

Senator Douglas' dissent is so forthright and colorful that it makes

(CONTINUED ON PAGE 120)



# Serving Your Community

LESLIE WALLER

THE telephone center . . . the public utilities . . . the transportation lines . . . your bank. These are the nerve-centers of your community, without which it could neither prosper nor exist.

We have discussed the ways in which you and your bank serve the people and the businesses of your community. But there is another way that has become increasingly important to the planning of your career in banking.

Industry refers to it as the practice of good "community relations."

This fairly new term is a logical outgrowth of the present period of full production our economy enjoys. Reduced to everyday language it says: "Wherever they operate, industries should be good citizens."

## **Banks in Forefront**

As an idea, community relations has permeated every industry in our land, but none more deeply than banking. The reason banks have been in the forefront of good community relations is pretty plain: Banks prosper on the goodwill of their customers.

In banking, this idea is behind the relatively recent increase in the offering of special checking accounts, life insurance on mortgagors, and many of the other "convenience" facilities younger bankers may take for granted. By extension, it accounts for such things as steadily increasing interest on savings accounts, modern decor, and the dozens of other things banks provide and do in order to remain competitive with neighboring institutions.

But this is just the business side of community relations. The full practice of good relations with your

bank's community extends beyond the door of the bank to the people outside—wherever they may be.

In order to present the face of your bank as a good citizen, you and all your colleagues must understand that outside the bank door *you stand for your bank*.

This is true, to some extent, of a career in any field. But it is especially true of a service industry like banking. The commodity your bank provides cannot be wrapped, boxed, or weighed. It can only be felt, appreciated—or resented.

Community relations, in this broad sense, begin anywhere. Perhaps this morning they started with a phone call from a Mrs. Johnson.

"I'm from the Girl Scouts," she says. "We're having our cookie sale next month and I was wondering . . . may we put a display in your window? Would it be possible to have a table in the lobby? Oh, and by the way, how many boxes will your bank be buying?"

Tomorrow it may not be the Girl Scouts. It may be the Polio Foundation, the Garden Club, the Ladies' Aid, the Chamber of Commerce, the Heart Fund, Rotary, the Choral Society, a political party, Kiwanis, the Fire Department. . . .

## **Four Categories**

To understand how community relations work and where you fit into them, you can divide your community into four main categories. Your relations with all four are important:

(1) *Political leaders and divisions*, including elected and appointed officials of your community, county, state and Federal governments, political parties, campaigns, etc.

(2) *Public service organizations*, including the police and fire departments, anti-crime and safety groups, local detachments of the Armed Forces, Civil Defense, and others.

(3) *Unofficial service groups*, including civic, religious, fraternal, service, business, veterans, labor, educational health, youth, women's, cultural, and hobby groups.

(4) *Communications groups*, including local newspapers, radio and television stations, regularly scheduled forums, and the like.

## **Two Approaches**

Some of these categories and sub-categories you already belong in yourself. Others you are eligible by background or affinity to join. This is one approach to community relations—joining and becoming an active member of local organizations.

Another approach bank people have used with great success is the informational one. You happen to be an expert on several financial subjects. If there's one thing people like and need to know about it's their own money. As a speaker at meetings you not only provide important information—you also present your bank publicly in a friendly, helpful manner.

It's doubtful that anyone is going to demand that you participate in your bank's community relations activities. It's purely voluntary, entirely up to you. So is the success of your career—entirely up to you.

So is the success of your bank. It's all up to you. What helps your bank helps you. And, when you help your bank, you help yourself. This above all is the key to playing a positive part in building your bank's good community relations.



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# *This Is Banking*

**T**HE banking business encompasses all facets of business and family life. The number of different—widely different—careers included in this one word, “banking,” would fill this page. Probably the most human business in the world, judged by the variety of its human contacts, banking means a new home to one family, a new car to another, a new business to another, a secure place for savings to another, and so on.

Pictured on our cover and the opposite page is an all-important phase of banking today—the open house.

For example, down the left side of the opposite page, we see bank guests having lunch on a day when the public was invited to watch the World Series on the bank's TV; a bank choir giving a Christmas performance; a bank's farm representative on a visit; and a group of bank stockholders having a preview of an NCR Post-tronic bookkeeping machine.

Down the right side of the page are, first, a group of foreign students on a bank tour; then a bank tour by townspeople; a behind-the-counter view; and school children hearing an explanation of banking.

In the center, behind those pies, are FFA boys in the kitchen of a Federal Reserve bank. (The boys stayed for lunch.)

## **Students' Questions Cover the Field**

The students on the cover are giving their host bankers the works with a barrage of questions. Here are a few which they turned in ahead of the visit, just to get things warmed up:

What is a certified check?

What is a cashier's check?

What is the policy when checking accounts are overdrawn?

Where is the clearing house?

Is an IOU illegal?

What is the policy of foreclosing on a mortgage?

How much money must you keep on hand?

What if a panic began and a run started?

Give a sketchy outline of the Federal Reserve System.

What type of reference is needed for loans? Checks? etc.

The Lincoln Rochester Trust Company in Rochester, N. Y., provides these tours frequently, like hundreds of other banks throughout the country. Educating the

public about banking is a part of the banking business today and becoming more and more important.

The way this bank handles the program is to invite requests from schools. In the instance pictured, the request came from a math class of Monroe High School. The teacher was Mr. Griswold and the student contact was Barry Levinson.

Barry was referred to the customer relations department of the bank by the manager of the Monroe Avenue Office. Barry telephoned for an appointment with Miss Emily Kener of the department and came to explain that his class had been studying about money and would like to ask a few questions.

So arrangements were made for the students to tour the main office and meet the officers.

## **How the Bank Must Prepare for Tours**

Here are just a few of the details of preparing for a tour:

(1) Potential guides. List all employees from various departments who are available as guides.

(2) Set day and hour of arrival.

(3) Specify entrance to be used and by whom the group will be met.

(4) Note name, address, and telephone of tour contact person and get all details about group—ages, number, sex, whether school or Girl Scouts, and so forth.

(5) How much time does group have?

(6) Shall we have refreshments?

(7) What type of hand-out material would the group want?

(8) Notify guides. Tell them where to report, how long they will be away from their desks, suggest possible subjects of interest and all necessary details.

(9) Inform guards fully on details of tour.

(10) Notify officers and any individuals who may be needed to handle special subjects. Often this bank calls in an informal panel, including President John Remington and others, to talk with the group.

(11) Large groups are usually divided into units of eight, each with a guide.

(12) Miss Kener, who handles matters of tour organization, usually talks with guides afterward and gets information as to questions asked and items which seemed of special interest.

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# More Millions of New Customers

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MR. PARKER is chairman of the Public Relations Council, American Bankers Association. He is executive vice-president, First National Bank, Lebanon, Pa.

**T**HE future of American banking lies in offering our service to all levels of people. And in banking, as in everything else, the future belongs to those who prepare for it. Many dependable surveys show the potential service possibilities for our commercial banks, and provide some amazing statistics showing the market for banking among the "middle millions" of people whose incomes are increasing steadily and who are tomorrow's banking customers.

In 1950 there were 12,000,000 families in the U. S. with disposable incomes of over \$4,000. By 1960 it is estimated that this middle-income family group, the so-called "middle millions," will have tripled to a total of 36,000,000 families.

As a result of the aggressive policies followed by our commercial banks, the number of checking accounts in those banks has grown very rapidly since World War II. The increase in the volume of checks issued has been even more rapid. Studies of the A.B.A. Bank Management Commission reveal that the number of checking accounts increased from 27,000,000 in 1941 to 54,000,000 in 1956, or just about double.

During this period of 15 years the number of checks written by our bank customers has risen from 3.5-billion a year to 9-billion a year—or an increase of 300%. With the widening potential for further growth, indications are that the number of accounts and volume of activity will continue to increase, so that by 1960 the A.B.A. estimates that there will be about 14-billion checks written per year, and by

## MELVILLE M. PARKER

1968 the number of checks issued annually will have reached 20-billion. Such a volume would be a 200% increase over what we are now handling. Aside from the growth of other banking departments, which is bound to occur, it gives us something to think about when the prediction is made that a 200% increase in the volume of check activity will occur in our bookkeeping departments, alone.

The large banks are not the only ones that will feel the affect; we will all be affected. Certainly the number of checking accounts will increase materially beyond the 54,000,000 we are handling today. If those accounts write 10-billion checks, which they will do this year, those checks, if place face to back would extend from New York City to Des Moines, Iowa! We will indeed have to gear-up our mechanical departments to handle this ever-growing mass of paper.

### ... and in Other Departments

To quote further from the reports of the A.B.A. on other departmental operations, we find that in the past 10 years instalment loans in commercial banks have increased 700% in dollar volume and about 500% in number; savings accounts, 100% in volume and 50% in number; mortgages, 500% in volume and 300% in number. The commercial banking system in this country in all departments is processing about four times the volume of transactions that were handled 10 years ago. But the total personnel of officers and employees has less than doubled—from 350,000 to about 600,000. From the standpoint of efficiency, banking has been doing a pretty good job.

In spite of efficient handling, the

paper work in our banks is causing a constant increase in operating costs, and, if permitted to continue, it will result only in further increases in our rates and service charges. I am sure there is an ardent desire on the part of management to stabilize per item costs and even reduce them; at the same time improving the quality and scope of our facilities.

### Automation Is the Answer

In the face of ever increasing demands for banking service and the rising costs of doing business, electronic mechanization or automation seems to hold a great deal of promise. However, it certainly is not going to be a panacea or a substitute for aggressive and well administered management technique. If we will someday have pushbutton banking in our operating departments, we will require a highly trained personnel to program the work and push those buttons. Higher personnel costs have contributed largely to our over-all increase in operating expenses. These personnel costs are greater, not merely because of general increases in salary patterns, but also because of lower productivity resulting from a high staff turnover and consequently lower levels of efficiency.

A large segment of banking's labor force has in the past been engaged in the performance of oftentimes monotonous clerical tasks. These jobs are neither stimulating nor satisfying. The high turnover and scarcity of personnel in the mechanical departments of our banks have been closely related to this lack of stimulation and personal satisfaction which each of us as individuals likes to draw from our jobs. By eliminating clerical drudgery, the people in banks formerly occupied with routine detail become



## *A 14-Page Special Report on the Market, Machinery, and Manpower*

available for the more rewarding work of selling and serving customers.

The success of automation, when applied to paper handling and record keeping in banks, will be in stabilizing operating costs and will result in doing the job with fewer people; however, those employees remaining

will be upgraded in salary ratings and will move into more challenging positions, which will encourage permanency of employment. Normal turnover rather than lay-offs will take care of any reduction in the number of employees.

A McGraw-Hill Co. survey reports that in industry 40% of the com-

panies with automation in operation require less unskilled labor but more skilled labor than before. General Mills reported that 23 new skilled job classifications in their organization were created by automation. A college degree wasn't required for any of them, but special training was. In the field of automation, says

### *Oldest Bank—Newest Bookkeeping*

**E**ARLY in March the oldest bank in the United States invited the press from a wide area to see its new installation of seven electronic bookkeeping machines.

The First Pennsylvania Banking and Trust Company of Philadelphia (direct descendant of the Bank of North America, established in 1782) has its seven Burroughs Sensitronics in actual operation in its Kensington Office, where five of the machines process 4,000 special checking accounts, each on a single posting basis, compared with 1,500 per machine carried formerly on a dual posting plan. The other two machines are used at present for balance transfer, service charging, and training purposes.

In a few months the bank will have 14 Sensitronics in operation, processing all 40,000 of its special checking ac-

counts and replacing 32 of its old bookkeeping machines.

"We are the first bank in the country to install these machines and they are now in service processing our special checking accounts with a speed and accuracy that have been impossible to attain heretofore," said William F. Kelly, president of the bank.

"These machines are an important first step toward an over-all solution, based on automation, of the paper processing problem, and they herald the day when a complete system of automation will be a reality at First Pennsylvania."

As other electronic machines are available to fill out the system, Mr. Kelly said, they will be installed. He said present indications are that fully automatic check handling is only a few years away.

#### **BANK'S GUESTS SEE ELECTRONICS AT WORK**

At the Kensington Office of The First Pennsylvania Company for Banking and Trusts, guests at the bank's press demonstration watch electronic bookkeeping machines process the bank's special checking accounts. Each machine occupies six square feet of floor space and weighs 395 pounds. The next machines to be delivered will be dual printers, producing, side by side, ledger card and statement. With the machines shown here, only the statement is produced, which is micro-filmed for the bank's records



## SPECIAL REPORT—Continued

McGraw-Hill, there may be almost no place left for unskilled labor. People who are willing to learn new techniques will always play an important role, in industry, banking or anything else.

### No Unemployment Caused

As to employees' attitudes, they have experienced the traditional reaction to automation, including fear, prejudice, and misunderstanding. They have, however, been able to disprove in fact the idea that automation causes unemployment. Whatever displacements of personnel occur will be readily absorbed by transfer or normal turnover. To quote from First National City Bank of New York: "... through education and the courses of the American Institute of Banking and the like, the banking profession, with its more enlightened knowledge and attitudes, has created a ready acceptance for progress. Many of our people are delighted to know that some of the old-fashioned routine work or so-called 'factory processes' will now be handled by machines, leaving the employee free to use his higher caliber talents in the field of management or public relations."

### Machines Are Tools

It is true that some bank people may fear that automation will mean the end of their jobs. This, of course, is foolish. Machines can't think. They need the genius of men—or women—to develop applications and systems

that will process monotonous paper work quickly and accurately. When we give a teller a coin changer we make it possible for him to wait on more customers and provide better service by making use of a tool. While this tool can dispense coins more rapidly than a teller can pull them off a tray or out of a drawer, the machine is entirely useless without a teller to operate it.

### Benefits to People

When we give our bookkeeping department an electronic machine to perform automatically the job that formerly required hours of tedious, monotonous work, we are making it possible for the people in that department to perform at a higher

level with more benefits for themselves, their bank, and their community than would otherwise be possible. We know there will be a steady, substantial increase in the work that banks must perform, and experience shows that the employees who perform this work will not and cannot increase as rapidly. Our job as officers and employees of banks is to learn how to use these wonderful new tools in order that our banking system can do the work required of it. Someday we may even be able to use computers to analyze the credit worthiness of a loan applicant. This development would not eliminate loan officers, but would give them tremendously increased decision-making powers.

### John Diebold & Associates Annual Computer Census

#### LARGE SCALE GENERAL PURPOSE DIGITAL COMPUTERS

Manufacturer	Computer	Delivered	On Order
IBM	701\$	9	0
	702\$	11	0
	704	72	200†
	705	73	
	709	0	
Remington Rand	1101, 1102\$	10†	0
	1103, 1103A	25†	15†
	Univac I	36†	12†
	Univac II	1†	30†
RCA	Bizmac I\$	3*	0
	Bizmac II	0	2*
Datamatic Corp.	Datamatic 1000	1	7
Philco Corp.	Transac S-2000	0	4
Burroughs Corp.	Datron 220	0	9

Total Large Scale Computers 241 279

†=Unofficial estimate. \$=No longer in production. \*=Bizmac totals are for number of installations, not numbers of computers.

#### MEDIUM SCALE GENERAL PURPOSE DIGITAL COMPUTERS

Manufacturer	Computer	Delivered	On Order
IBM	650, 650 w/tapes	750 plus	1,200†
Bendix Computer Div.	G-15	104	unknown
Burroughs Corp.	Datron 205	81	70†
Alvac Corp.	Alvac II\$	2	0
	Alvac III\$	6	0
	Alvac III-E	27	8
	Alvac III-E w/tapes	2	7
National Cash Register	102\$	30	0
	303\$	1	0
	304	0	6
Remington Rand	Univac File Computer 0	12†	29†
	Univac File Computer 1	3†	unknown
Underwood Corp.	Elecom 100\$, 120\$, 120A\$, 125\$, 200\$	13	0
	Readix	3	1
J. B. Rea Co.			
Monroe Calculating Machine Co.	Monrobot VII\$, VIII\$	2	0

Total Medium Scale Computers 1,036 1,321

†=Unofficial estimate. \$=No longer in production.

#### SMALL SCALE GENERAL PURPOSE DIGITAL COMPUTERS

Manufacturer	Computer	Delivered	On Order
IBM	604	3,500	1,500†
	607	350	
	608	1	
	610	0	
	CPC	60†	
	Ramac 305	20	
	Ramac 650	0	
Remington Rand	Univac 60 and 120	500†	100†
Burroughs Corp.	E-101	164	30†
Royal Precision Corp.	LGP-30	102	15
Underwood Corp.	Electronic Business Computer (formerly Elecom-50)	12	10
Monroe Calculating Machine Co.	Monrobot III\$, V\$	2	0
	Monrobot VI\$	9	0
	Monrobot IX	0	12

Total Small Scale Computers 4,720 1,667

†=Unofficial estimate. \$=No longer in production.

Total All Sizes Computers 5,997 3,267

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# How Automation Affects Structural Design

## *The First Requirement Is Flexibility*

EVERETT J. LIVESEY

MR. LIVESEY, who is vice-president and secretary, The Dime Savings Bank of Brooklyn, N. Y., is chairman of the Savings Management and Operations Committee of the Savings and Mortgage Division, American Bankers Association. The information in this article was obtained by the author through consultations with various architectural and engineering firms and data processing equipment manufacturers.

**W**HAT is the primary architectural design factor to be considered by a bank contemplating the installation of electronic data processing equipment? Ask any banker who has faced this question or any bank architect, and the answer will invariably be: *Flexibility*.

Automation will have a profound effect on bank space. It will free more area on the bank floor; it will eliminate space now required for ledger files, bookkeeping and adding machines, and manual record-keeping equipment. At the same time it will set up additional space requirements for the central data processing equipment, which should be planned for.

However, regardless of the type of electronic data processing equipment selected, whether the building is a new structure designed to house the data processor or an old building

being remodeled with an eye on automation, there will undoubtedly be some period of time when a transition must be made from the old to the new equipment. This transition cannot successfully be made unless a flexible layout is provided.

### **Conversion May Be Gradual**

This is true regardless of the type of equipment that is installed. Whether it be a large general purpose computer which will perform many record-keeping functions, or a data processor designed specifically to handle on-line operations, such as savings accounting as well as mortgages, space will be required to house the new equipment until the transition can be made from the present method of operation to an automatic operation. Once the transition has been made, then space used for the present operation must be readily convertible to accommodate operating procedures under the automatic system. Obviously this conversion may extend over a period of several months.

For example, the Union Dime Savings Bank in New York City is now building a new structure in which a Teleregister system will be installed to handle its savings accounting operation during banking hours and its mortgage operations during non-banking hours. This system will not be installed until after the building

is completed, and the bank will of necessity have to operate under its present method while the new equipment is being put into service. Bank floor space has been so designed that the ledger card files will be put into place behind the tellers at each position. Once the information contained on the ledger cards is stored in the data processor and passbooks are updated, then these cards will be eliminated. The building has been so designed that when these cards are moved out, the tellers' counters can be moved back towards the wall, thereby providing more space for public use.

However, flexibility is not the only factor to be given consideration in the design of a new bank building, or in the remodeling of an existing building, when provision is being made for the advent of automation. Such questions as air-conditioning, communications, lighting, dust control, wiring, sound-proofing, floor loads, and traffic must also be taken into account. With the exception of consideration of the layout of the bank floor itself, these questions can be resolved in the design stage, even though no decision has been made on the part of the bank as to type of data processor.

An on-line system such as the Union Dime's can be defined as one which involves a central data processor directly connected to teller

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machines. No intermediate paper, punched paper tape, or tabulating cards are used as a result of the customers' transactions at the window. General purpose or off-line equipment is generally considered as that which involves a central computer used to process a batch of work some time after the transaction has been completed. The physical requirements of a central data processing room are basically the same for both systems, as are the requirements for air-conditioning, floor load, power, and location. The on-line system requires less space behind the tellers' counters. Modular teller counters and machine dollies will permit rearward movement of the counter of from 4 to 5 feet, thus converting the previous counter space to customer space.

### Cable Troughs

With on-line equipment, under-floor troughs for teller machine cables, if planned for or installed during new construction, will materially ease later installation cost. These cable troughs may be hung below the floor slab, particularly where head room of the floor below allows this approach. Power required in teller machine signal wires will probably not exceed 50 volts. Most city codes permit sheet metal troughs with these voltages.

Risers from troughs to teller machine positions should be planned with an inside diameter of 2 inches. Cross section of trough size can be determined by multiplying the number of required teller machines by 1½ inches. Troughs may be flat and wide, square, round, or any other configuration which provides a cross section compatible with the number of cables to be pulled.

It is recommended that you plan for one teller's machine for each pair of tellers. In addition, eight tellers should be able to handle volume which would require 10 tellers using conventional teller machine equipment.

### Planning for Conduits

Obviously, planning for, rather than installation of, cable troughs would be the more logical immediate approach for most banks. Teller machine cable risers through floor slab, installed and capped at finished floor level, are worthy of consideration in any new planning. These can, in most instances, be considered as in-

expensive insurance, if installed at the time of pouring the floor slab and the finished floor.

### Power

Present-day equipment can be expected to require up to 50 KVA of power. It is not essential that power cables be pulled prior to data processor installation. Good planning should include power company transformer capacity capable of supplying an additional load of this magnitude. If it is possible to designate the general area where equipment may be located, you would do well to plan for conduits and risers which would accommodate cabling at a later date.

On-line system planning may require consideration of stand-by generator facilities. Remember, you will not be able to operate electronic equipment without power. Discuss auxiliary power with your local utility company before making a decision of this nature. In any event, you might wish to provide physical facilities which would accommodate a generator unit.

### Air-Conditioning

Your architects can advise you regarding the amount of cooling capacity above and beyond normal requirements which will be necessary to dissipate the heat generated by the data processor. Cooling capacity, if added to your new installation, will result in relatively low costs as opposed to new capacity at a later date.

If additional air-conditioning equipment must be provided at the time of data processor installation, additional power will be required. These power requirements should be added to those of the electronic equipment.

If hung ceilings are used in the central data processor room, new or additional air conditioning duct installation will be simplified.

### Central Data Processor

It is reasonably safe to plan that a data processor, either on-line or off-line, will occupy a minimum of 1,000 square feet of space. An additional 250 square feet may be required for power supply equipment, although this space need not be immediately adjacent to the data processor.

Peripheral equipment, such as tabulating machines, printers, and files

used in conjunction with the data processor, should be planned for separately. A rough estimate for these equipments is 400 to 600 square feet.

It would be very unusual if floor loading were to exceed 60 to 75 lbs. per square foot in the data processing area. Normally, floor loadings similar to those required by conventional tabulating machines may be considered as adequate.

### Even in Another Building

A central data processor need not be located in valuable operating space. In some instances, on-line equipment will be located in the cellar immediately below the banking floor. In some off-line operations, the equipment is located in another building.

With on-line systems it is wise to plan for the data processor to be located in the building using the largest number of tellers' machines, in order that cabling or communication costs may be reduced to a minimum.

When selecting a data processor location, consideration should be given to the proximity of electrical and communication facilities. Power cables must be run, teller machine cables must be routed from the data processor to each of the teller positions, and telephone lines routed to each of the bank's branches.

In the event a large scale off-line installation is planned, consideration should be given to space for programmers and clerical and technical personnel. With on-line systems, space should be provided for clerical and supervisory help. Programmers' space may not be required with some on-line equipment, particularly if the manufacturer takes programming responsibility.

### Trend to Size Reduction

An important factor in your future planning is the probable reduction of power, air-conditioning, and space requirements for electronic equipment. The trend is toward the use of transistors and diodes, with resulting miniaturization. The important message here is that equipment will tend to reduce rather than expand.

A final thought: Remember the man who built a boat in his cellar? In planning your building, give some consideration to the physical problems involved in placing equipment in its operating area.





The panel. At the far right is John Adikes, president, Savings and Mortgage Division, A.B.A., and Jamaica Savings Bank, Jamaica, N. Y.

## Electronics for Smaller Banks

**E**LECTRONICS for the smaller bank is not just a pipedream; it is already a reality. That was the clear consensus of bankers, equipment manufacturers, and service companies participating in a panel discussion on the subject at the Annual Savings and Mortgage Conference of the A.B.A. The principal participants in this panel were: EVERETT J. LIVESEY, chairman; LEONARD P. CHAMBERLAIN, vice-president, The Provident Institution for Savings, Boston; JAMES WEIR, vice-president, Riverside Trust Company, Hartford, Conn.; JOHN R. DEHART, president, and LEON H. SOMERALL, vice-president, Adair Company, Detroit, Mich.

To the question, "How big do you have to be to have a punch card system and an electronic data processing system?" came this answer: For \$675 a month rental a small bank can do exactly everything at a slower speed that a large bank can do. Three machine operators would probably suffice.

To warrant a punch card installation a bank should have upward of 40,000 savings accounts and about 3,000 mortgages.

On both electronic data processing and punch card operations, no one can give a stock answer; banks will have to make this decision for themselves. It was suggested that they determine how much it is costing them to handle a deposit, a new mortgage debit and credit, etc., etc. They then should estimate the cost under the punch card or electronic data processing; make a comparison; and decide whether to go ahead. Within a short time it is expected that the Electronics Committee of the A.B.A. Savings and Mortgage Division will have suggested procedures by which individual banks may make such studies, using their own personnel.

After the cost analysis is made, it was suggested that the bank write up, step by step, its present procedure and what it would like to accomplish through mechanization.

Cooperative electronic installations are already in operation in a few larger centers of population. For example, after a 2-year study, three of the large Hartford and one Springfield insurance companies decided upon a co-operative system which has now been in operation for six months. The Springfield company has a vehicle which trucks its data to and from Hartford daily. After extensive testing of personnel, the insurance companies each assigned six people to this operation. They also set up a legal corporation so that there would be no divided allegiances. The companies pay the operating costs and they gave guarantees that they would not pull out of this arrangement.

**A**FTER years of experience in punch card accounting, Harold Schunke, president of Financial Services, Inc., Woodbridge, N. J., set up his company. Currently he is servicing 140,000 accounts for commercial banks and other business concerns. His smallest customer has only 300 mortgages, while his largest has 14,000. He handled about 200,000 Christmas Club accounts for his clients. This system has a daily pick-up and delivery service and handles accounting for institutions as far as 75 miles away.

The bulk of the work is in dealing with mortgages and includes billing, accounting statements, trial balances, 31 follow-up areas, land charges, and other statistics such as those needed for examiners.

The Adair Company, represented on the panel by two officers, was organized

to provide cooperative electronic installations. It will, upon request, go into an area, make a survey of existing systems, make recommendations as to what the banks ought to have, how far they should go, where they should have their computer, tell them what they can and cannot do, and it will pay 50% of the cost of making the basic survey.

**I**F the banks decide to engage the company, it will plan and design electronic equipment, install it, convert the existing systems, and, if desired, will continue to service it. It will also either supply trained electronic operators or train people locally, as the banks wish.

An advantage of the cooperative system is that one bank would probably use the equipment only about 25% of its available time, whereas four banks, by engaging a few more operators, could cut their costs by about half.

With respect to the confidential nature of the accounts, it was pointed out that the accounts are numbered and that no name identification is shown on the cards being processed.

The panel discussion also disclosed that equipment manufacturers are perfecting a window machine which will be directly connected to a large-scale data-processor in the main office. It will require only about four-tenths of a second to make a "look-up" of an account balance and bring the passbook up to date. Interest is either precalculated or can be almost instantaneously calculated while the customer waits. It has the ability to pre-edit, i. e., to guide the teller through a step-by-step procedure which will insure far greater accuracy than any window operation in present use. Deliveries of this equipment will be made in late 1959 and 1960.

# Bookkeeping with Fully Automatic Systems

FORDE STEELE

MR. STEELE, who writes frequently for BANKING, is vice-president in charge of the planning department of the Central National Bank of Cleveland.

Fully automatic . . . electronic computer . . . these are indeed magic words. Seldom has an entire industry changed its thinking so completely as did banking when the potential of the electronic computer to handle banking clerical work became apparent. The tremendous growth in the number of checks processed through the banking system—all in the last few years—has brought home with impelling force the realization that present methods just won't be able to cope with the coming flood of paper work. Banks have seen their costs skyrocket. In many instances, expenses have increased more rapidly than has income. What better way to get expenses under control than to put in a fully automatic machine?

When the Bank of America announced that the Stanford Research Institute had developed, under BofA direction, an electronic computer capable of performing the bookkeeping for 50,000 accounts, there was a tendency on the part of bank operating men and top management alike to assume that the millenium had come and that banking had broken through to the new world of automatic banking.

One of the principles of this computer, named "ERMA," was the storage of balances on a magnetic drum which permitted instantaneous inquiry to determine the current status of any account. There was extensive belief among bank people that computers would be able to do the entire bookkeeping job. However,

subsequent investigation and developmental work carried on by Bank of America, the SRI and other bank and equipment company researchers led to the conclusion that there are still some phases of commercial bookkeeping which can be done manually at less cost and, sometimes, more accurately. A good case in point is the search for stop payments. There seems to be good evidence that it may be less expensive to perform a manual search for checks on which there are stops than to program a computer to do the job.

## What Is Full Automation?

Many of us have assumed that full automation would require the use of a computer. An examination of the present concept of the word, however, indicates that a computer may not be necessary to achieve this goal.

Full automation has generally been considered to exist when, after one manual operation, subsequent operations necessary to processing the items can be accomplished entirely by machine and without further manual indexing on keyboards. This same definition can be applied to integrated data processing.

If we accept this definition, any bank with punched card checks which are processed on punched card equipment has already achieved full automation. Punched cards, pre-punched as to account number and postpunched as to amount, can be handled entirely automatically after the one manual key punching.

Even the semi-automatic machines (Post-tronic and Sensitronic) will provide full automation when electronic sorters and electronic sorter-readers are available which can produce a punched paper tape for all debits and credits. This

punched paper tape would then be used as the input for either a Sensitronic or a Post-tronic equipped with automatic ledger feed.

Essentially, full automation can be accomplished either with semi-automatic machines or with computers. In skeleton form, the combination of manual and machine operations which will make up full automation is as follows:

### Manual Operations

(1) Enter amount in keyboard of magnetic ink amount imprinter or into keyboard of proof machine or adding machine to which a magnetic ink amount imprinter has been connected.

### Automatic Operations

(1) Process checks and deposit tickets through sorter-lister to prove accuracy of amount imprinting.

(2) Fine sort.

(3) Process items through sorter-converter to produce punched paper tape or to enter amounts directly into computer systems.

(4) Post automatically on Post-tronic or Sensitronic or with computer.

(5) Run statements either from items themselves or from magnetic tape or from punched cards.

(6) Microfilm checks and deposit tickets.

### Manual Operations

(1) File checks in check files.

(2) Count and compare checks with statement.

(3) Insert in envelope and mail.

From this abbreviated list of

operations it can be seen that fully automated bookkeeping still retains a considerable amount of hand work. It is probably safe to surmise that these manual operations will be with us for several years.

### Imprinting Amount

The Burroughs Corporation has demonstrated a magnetic character amount imprinter called the "Magni-chek" amount imprinter. This machine consists of a conventional full keyboard adding machine connected with a printing head which will print the amount on a properly positioned check in the space designated by the American Bankers Association. This machine has been priced at \$1,500, or on a rental basis of \$45 per month. The Burroughs Corporation is planning to release a magnetic character imprinter which will work in conjunction with the company's proof machine.

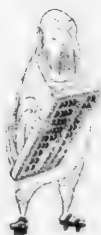
The National Cash Register Company has announced that it will manufacture a magnetic character amount imprinter which can be used either with a proof machine or with an adding machine. This is a separate unit which stands beside the machine to which it is connected by electric cable. The operator drops each item into the hopper of this machine as the amount is entered on the keyboard of either the proof machine or the adding machine. It likewise prints the amount in magnetic ink characters in the proper space on the check. NCR will start the delivery of over 800 units to the Bank of America in 1958. The company is promising delivery to other banks beginning in 1959.

IBM has demonstrated an amount imprinter which consists of a 10-key keyboard, imprinting station, and adding machine. In the demonstration, the amount was imprinted in magnetic bar code. These imprinted items were then successfully sorted and posted on a 650 Ramac.

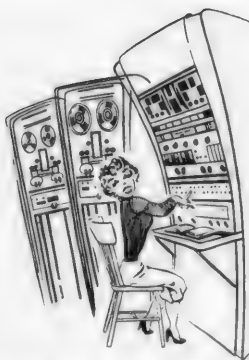
### Sorters

IBM has demonstrated a sorter which reads the magnetic bar code. The company has stated that this machine will be converted to magnetic character reading as soon as the A.B.A. and the equipment manufacturers finalize the type face.

The Burroughs Corporation has demonstrated a sorter utilizing fluorescent ink spots. This machine will be converted to read magnetic



This sketch from the *Business Review* of the Federal Reserve Bank of Philadelphia suggests that the modern electronic bookkeeping machine has an ancient Oriental ancestor, the well known abacus, held by the ghostly Chinese at the left



ink characters as soon as the type face has been determined. The sorter has been priced at \$30,000, or at a monthly rental of \$900.

The National Cash Register Company has announced that it will deliver sorters to the Bank of America in 1958, designed to read the magnetic ink characters developed by Bank of America and Stanford Research Institute. These sorters will be capable of conversion to the A.B.A.-recommended type faces.

The sorters of these companies are designed to sort at a speed of approximately 750 documents per minute. If a 6-digit account number is to be sorted, the probable effective rate would not be more than 100 checks per minute, completely sorted. This is because it will require six passes through the sorter to sort a six-digit number and because of the time required for gathering the checks and re-inserting them in the feed hopper of the machine.

### Sorter-Converter

The sorter-converter or sorter-reader translates the magnetic ink characters into whatever machine language is required by the fully automatic system the particular bank is using. This is why the A.B.A. subcommittee for the automation of check handling has worked so hard toward a uniform magnetic ink character which could be used as a common basis for entry into all equipment. Without their devoted efforts, the prospects for automation of checking account bookkeeping might be slim, indeed.

However, not all of the equipment has as yet been developed to the

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point where it is possible to read directly from the magnetic ink characters into the automated system. Rather, the sorter-reader or sorter-converter is designed to pass the check under the reading head and then transmit that information to another unit where the information is recorded in a form which can be read by succeeding machines. In the case of the semi-automatic machines, such as the Sensitronic and Post-tronic, this will be in the form of punched paper tape. Both the Post-tronic and Sensitronic will be designed to accept debit and credit information from punched paper tape. Certain other fully automated systems will use the punched paper tape produced by the sorter-reader as input to their computer based system. In the case of the system demonstrated by IBM, the sorter-reader is used to enter information directly into the 650 Ramac.

The Burroughs sorter-reader is priced at \$45,000 and will rent for \$1,350 per month.

### Posting or Updating with Semi-Automatic Machines

In the fully automated systems using the Sensitronic and Post-tronic, the machines will be equipped with automatic ledger feeder and a punched paper tape reader. This will make it possible to place a stack of statement or ledger sheets in the automatic feeder and a roll of punched paper tape prepared on the sorter-reader in the tape feed, push the start button, and the machine will do the rest. With this system, the semi-automatic machines will read the account number and balance of each account from the back of the ledger sheet, and will compare the account number with the number punched in the paper tape. If the two numbers agree, the amount of the check or deposit will be posted automatically and the ledger sheet returned to the file. One operator will be able to handle four or five posters simultaneously. Details regarding these systems have not been cleared for publication as this is being written. However, an analysis of the systems' flow charts will be presented next month.

The Burroughs Corporation has demonstrated an auto-reader which automatically scans the ledger sheets, reads balances electronically from the magnetic strips on the back of the ledger sheets, and transmits



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the data into the Sensitronic for taking trial balances or for transferring balances to new statements.

### Computer Posting

The basic computer systems which will be in effect for fully automatic bookkeeping, while varying from machine to machine, will include the following basic steps:

(1) Convert magnetic ink digits into the language which can be understood by the computer being used. In some cases the sorter-reader or sorter-converter will be used to create a punched paper tape which will serve as input for the computer system. In these cases the paper tape input usually is converted to magnetic form on magnetic tape. In other cases, the sorter-reader will read account numbers and amounts directly into the computer, as is the case with the IBM 650 Ramac.

(2) Update the account balances. In computer systems which carry the account balances on magnetic tapes, the transaction tape, created by transfer of information from punched paper tape, is used to supply the debits and credits for ascertaining new balances. These new balances are then recorded on another roll of magnetic tape. In some systems the tape is in reality a magnetic ledger sheet, with name, address, account number, balances, and debits and credits all in order on the tape, just as the information is recorded on ledger sheets in conventional systems. In the case of the IBM 650 Ramac system, the transaction information is read directly from the sorter reader to the computer unit of the 650, where the balances are updated and then placed back on the Ramac disc file in magnetic form. With this system, the detail of debits and credits is not recorded in magnetic form within the computer system.

There is an almost infinite number of posting routines possible with computers. One or two typical posting flow charts will be presented in an early issue of this magazine to demonstrate the flexibility of the electronic equipment which will soon be available to banks. Various methods of statement preparation will also be discussed.

### Putting Account Numbers on Deposit Tickets

One of the serious problems confronting banks which are working

toward fully automatic systems is the determination of the best method for placing the magnetic ink account numbers on deposit tickets. Three methods have been advanced, but none as yet seems to solve all problems.

(1) *Pre-print (pre-qualify)*—Some banks, including the Bank of America, have decided that the best answer at the present time is to give each depositor a number of deposit tickets preprinted as to his name and address and bearing his account number in magnetic ink. In fact, the Bank of America has ordered a number of new Multilith machines which are designed to facilitate preprinting of deposit tickets at the same time that check books are imprinted. The same magnetic ink characters which appear on the checks would, therefore, appear on the deposit tickets. The principal difficulty with this method is that customers may fail to carry their pre-qualified deposit tickets with them. If this happens in any great number of instances, it will be necessary to imprint manually the account number on so many deposit tickets as to make the system quite inefficient. This method has the advantage of being quite satisfactory for use with mail deposits. At least one bank is experimenting with preprinted multiple-copy deposit tickets. If an efficient method of doing this can be devised, many banks may find this to be an effective solution to this problem.

(2) *Plastic name and number plate*.—A second solution is to give each customer a plastic plate bearing his name and his account number.

When the customer comes to the bank, the plate would be placed in a small hand imprinter where the deposit ticket would be imprinted with the customer's name and number in magnetic ink. One advantage of this system is that multiple-copy deposit tickets can be used with it quite successfully. However, this system is not very convenient for the bank-by-mail depositor. It has been suggested that a special carrier be devised, whereby the customer would send his plastic plate to the bank each time he mailed a deposit. The bank could then return the plate to him when the receipt for the deposit was mailed back.

(3) *Substitute Credit Ticket Method*.—Inasmuch as the number of deposit tickets is usually only 10% to 15% of the number of checks received, it has been suggested that the bank could afford to create substitute credit tickets by encoding both the account number and the amount from the original document on a separate entry form. This method has the advantage of enabling the bank to handle all sizes of deposit tickets, including bank cash letters. However, in a large bank the creation of substitute tickets for all deposit forms would constitute quite an expense item.

Through the experimentation now being carried on by many banks, it should not be long before one of these methods or possibly an entirely new method will be determined to be the most efficient for banks to use.

### Coding Internal Entry Tickets

In almost every bank, there is a constant flow of internally originated debits and credits to customers' accounts. These debit and credit tickets usually originate as part of a multiple-copy form which makes it unlikely that they could be pre-qualified as to the customer's account number at reasonable cost.

Where addressograph plates are maintained for regular monthly charges or credits, it will be entirely feasible to emboss these internally created tickets on addressing equipment. However, for such items as collections, inter-department entries and other miscellaneous debits and credits, there seems to be no solution other than to encode both the account number and the amount on substitute credit tickets with magnetic character imprinters.



"Ask it what it thinks your chances are for a date with me!"





A sample of the work done by the Datamatic 1000 high-speed printer is examined by Robert J. Koch, director of the office management division of Michigan Blue Cross. This 900-line-a-minute printer is one component of the electronic installation pictured and described below

## Preview: 60,000 Digits a Second

A 40-TON electronic "brain" recently began its business career before a group of persons gathered in Detroit from all parts of the country. Similar to a system that is soon to be installed in The First National Bank of Boston, the Detroit "brain," a Datamatic 1000, is under lease to the headquarters of Michigan Blue Cross-Blue Shield, where it occupies 5,000 square feet of floor space. Working for Blue Cross during the business day, the "brain" will work in evening hours for some organizations that are

awaiting similar installations in the near future.

At Michigan's Blue Cross-Blue Shield headquarters, the brain will make a daily search of 1,400,000 subscriber records and bring about 25,000 of them up to date, adding or correcting such varied types of information as changes in coverage, changes in address, changes in hospital and medical records, and the addition of new members.

That will take only two hours. The rest of the "brain's" 8-hour day will be used for billing operations, com-

piling of statistics, and other work.

The system simultaneously "reads" and "writes" at the rate of 60,000 digits per second, while solving 1,000 multiplication problems or 4,000 additions or 5,000 comparisons.

The 20 reels of magnetic tape on which this particular office's complete records will be stored are each 3 inches wide and 2,700 feet long. Rolled, each one is 20 inches in diameter.

Building alterations and installation of the "brain's" 24 components took more than a year.

An operator at the master-control console of Michigan Blue Cross-Blue Shield's new 40-ton electronic brain, where he can control the system's 24 cabinets of complex electronic equipment spread through three large rooms. In this office the complete records of 3,500,000 subscribers will be stored on only 20 reels of magnetic tape. Another such installation is soon to be made at The First National Bank of Boston



# Semi-Automatic Check Handling

LEO MICHALEC

MR. MICHALEC is assistant vice-president of the First National Bank of Akron, Ohio.

AT THIS particular time, bank operations officers have excellent opportunities to prepare for the day of semi-automatic check handling. At the First National Bank of Akron, we have adopted many improvements in check handling and are reaping many benefits. Our improved procedures apply to both regular checking accounts and ThriftCheck Accounts.

First, let's consider how we handle the ThriftCheck accounts. Since all accounts will ultimately be handled largely by "sorting code number," we have assigned numbers to all of them. We adopted a numbering system in which each number consists of eight digits, as 00-00-000-0.

The first two digits show us the type of account and office designation, with 00 representing the main office and each branch being designated by 01 through 24, as in the following schedule:

ThriftCheck			
Accounts: Main Office — 00;	Barberton Office — 01;	etc., through 24	
Regular " " — 25;	" " — 26;	" " 49	
Business " " — 50;	" " — 51;	" " 74	
Public funds, receiver-ships, etc. " " — 75;	" " — 76;	" " 99	

Thus we have a maximum capacity for 25 offices and four classifications of accounts designated by the first two digits.

The next five digits are the actual account number within each office. A straight numeric sequence is used, giving us a potential of 99,999 total accounts at each office in each classification.

The 8th and final figure in the number is a check digit, the sole purpose of which is to determine the validity of the number itself. This is computed by the following formula:

Starting from the right, each digit is multiplied in ascending sequence with 2 as the first factor, omitting the 10s in bringing down the answer, which is added across, the result being subtracted from the next higher multiple of 10 to obtain the check digit.

EXAMPLE: To obtain the check digit for

$$\begin{array}{r} 1 \ 2 \ - \ 0 \ 1 \ - \ 2 \ 3 \ 4 \\ \times 8 \times 7 \ \times 6 \times 5 \ \times 4 \times 3 \times 2 \\ \hline 8 + 4 + 0 + 5 + 8 + 9 + 8 = 42 \end{array}$$

The next higher multiple of 10 is 50  
less 42

8, the check digit.

Thus the full number is 12-01-234-8.

We have 13 offices at the present time. We adopted centralized imprinting of depositors' names and account numbers, and we give out no unnumbered checks. At the main office, where imprinting is done, we set up sorting code numbers in name tubes for each office. We imprinted these numbers on only three checks for each number, and delivered the prenumbered checks to the respective offices. Thus each office gives every new account a temporary supply of encoded checks and the control of account number assignment is maintained by the central office.

When a new account is opened at any office of the bank, the new depositor pays \$2 for the first 20 checks. He receives his checkbook cover containing three checks with code number imprinted but no imprinted name. This imprinted number is recorded by the new account personnel in the appropriate places on the signature cards, initial deposit, and daily report of new business, and it is subsequently forwarded to the central office. That same day, or at the latest the next day, the remaining 17 checks are personalized and encoded and mailed to the depositor. This mailing procedure gives us a positive check on the validity of the address given by the new depositor.

Our employees and our depositors are being educated to the importance of sorting code numbers. With the first book of personalized and numbered checks, we send a letter telling the customer the code number assigned to him and ask that he be sure to write that number in the proper box on his deposit tickets.

No attempt is being made at this time to personalize or encode deposit tickets, since some of the larger

## Tailored Automation

Automation is a process that must be tailored to a bank's needs, and as a contribution to it Burroughs Corporation has developed a "team-work project" that offers complete integration of check-handling techniques.

The program provides step-by-step recommendations in preparation, handling, and processing of checks and deposit slips. Each step is tailored for cost, employee training, public and customer relations, and the time required for installation.

First, a bank must decide on an account numbering system that fits its present and future needs. This step can be taken immediately.

Second, begin imprinting account numbers and names on all checks and deposit slips.

Third, start an analysis of all checks not under a bank's control—that is, checks whose size, shape, and design are specified by customers to fit the needs of accounting machine systems.

### *A Timetable for Automation Planning and Publicity*

AS AN aid to banks installing Burroughs automation equipment, the Burroughs Corporation furnishes an "automation program kit," which it calls *Planning and Publicizing Your Automation Program*. In it are booklets, suggested letters, and other material to be used in apprising employees, customers, and the community in general of the facts of electronic bookkeeping and automation. A bank may use only that part of the material which applies to its particular installation, but, Burroughs points out, "the order in which the various material is presented has practical significance" and should be adhered to. Further, "the sequence of presentation serves as a basic schedule for the bank's own automation timetable."

A sample timetable is shown in the kit, as follows:

#### **Time Table**

*February 1*...Mail employee letter No. 1 (on imprinting and numbering).

*February 2*...Mail customer letter No. 1 to customers who obtain checks through the bank. (Announcement of automation program and numbering system.)

*February 3*...Mail newspaper story No. 1 for release on *February 5*. (Imprinting and numbering.)

*February 11*...Mail employee letter No. 2 (stating imprinting and account numbering is in process.)

*February 12*...Mail customer letter No. 2 to customers who obtain checks through the bank. (Enclosing check order form showing new imprinted numbered format and account identification card; also detailing customer advantages in imprinting and numbering.)

*February 13*...Mail newspaper story No. 2 for release on *February 15*. (Announcing automation program and relating imprinting and numbering to automation.)

*February 13*...Mail radio and television news story No. 1 for release after 6:00 P.M. *February 14*. (Announcing automation program and relating imprinting and numbering to automation.)

*February 13*...Mail trade press story No. 1 for *Immediate Release*. (Announcing plans for installation of automation equipment.)

(And so on to the actual installation of electronic bookkeeping machines and other machines in the Burroughs automation system.)

banks in the nation report that depositors, generally, will cooperate by filling in the account number, provided a prominent area is provided on the deposit ticket. This was discussed in the session on account numbering at the recent NABAC national convention in Atlanta, and all members of the panel were in agreement that it is possible to obtain better than 98% participation by the depositors when they are properly informed.

The bank officer or new account clerk who handles the opening of a new account takes the next available unassigned number and reports this to the main office for central file purposes and notifies the check imprinting department, where the customer's name (or names if it is a joint account) is set in type in a name tube. This name tube is imprinted in the front of the envelope, along with the previously imprinted code number.

In our check filing department, we no longer file canceled checks daily. Canceled checks are held in the check files by dates and by ledgers. Statements are issued on a cycle basis. At the beginning of each year we prepare and distribute a chart showing the dates throughout the year when postings will be cut off and when statements will be mailed. Copies of this chart are also distributed to all

officers, branch managers, and switchboard operators.

This method eliminates daily filing. It saves hundreds of inches of filing space, eliminates individual check file guides, and greatly reduces the number of check filing cabinets. There is, however, one minor disadvantage. It takes more time to look up a customer's canceled check, since it is first necessary to look at the statement to find out the date the check was paid. This minor disadvantage is more than offset by the

considerable savings in time we have effected in our statement rendering procedure. The assembling and mailing of statements formerly required all available personnel in the bank. We now use only five girls in the cycling operation, and all overtime due to statements has been eliminated. An important by-product is the fact that, since the responsibility for this job has been concentrated in a few, there has been a marked reduction in errors and the subsequent telephone inquiries resulting from them.

**Imprinting equipment used in the author's bank**



# Introducing Your Customers to ELECTRONIC BANKING

ARTHUR R. GREENE

*The author is president of the Atlas Advertising Co., Brookline, Mass. His organization specializes in bank and financial advertising.*

FOUR significant articles on automation, in the "Methods and Ideas" section of *BANKING* last December, pointed up the fundamental educational problems involved in the introduction of electronic banking.

(1) In a feature called "Number, Please!," John F. Elsbree, assistant vice-president, Rockland-Atlas National Bank, Boston, discussed the problems of checking account coding. He told how the bank's personnel were instructed, and how the system was presented to the public.

(2) In an article entitled "Automation and Your Staff," William B. Black, Jr., vice-president, Bank of the Southwest National Association, Houston, explored the public relations factors of electronic banking. And an editorial in the same issue of *BANKING* emphasized the importance of the impact of automation on both bank personnel and customer.

(3) A news feature headlined "Step-by-Step Automation" carried the announcement by Stanley C. Allyn, chairman of the National Cash Register Company, of his firm's program of automation for banks of all sizes. Nucleus of the system, Mr. Allyn said, is the company's electronic posting machine, which attains maximum efficiency when a numeric system is used.

Another news story entitled "Customer Acceptance of Coded Checks," by Jack Morris, vice-president of the Citizens National Bank, Abilene, Texas, said that educating the public to the use of prepared checks containing a code number is the biggest job confronting the banks who are introducing electronic banking.

All four of these articles point up the fact that there are three major groups to whom the educational program should be directed. They further suggest the three broad classifications to consider in planning the educational program.

## First, Employees

The first group, of course, is the bank's own operating people—the cashiers, bookkeepers, operations officers, loan officers, contact personnel, and all others who not only are directly concerned with the operation of the equipment but who could conceivably assist in "spreading the word" among customers and public.

Second is the customer group. They must be completely informed. They must be "sold" on the ease and simplicity of their participation. They must be continually reminded of the need for their cooperation, especially when the use of an electronic coding number is involved. The importance of the "reminder" phase of the program is further emphasized when we realize that some banks report that after several months a small percentage of their customers were still not using the code numbers consistently.

The third group is the general public, including other banks. By showing it is abreast of the most modern developments in electronic banking, a bank presents a progressive image to the community.

We have conducted extensive surveys to determine the best way to tell these three groups about electronic banking. Our studies show that the programming effort can be considerably simplified if we divide the plan into three basic stages—introductory, installation, and follow-up.

Before discussing the most effective media to be used in each stage,

it would be well to point out that as far as in-bank personnel are concerned, a well planned education program directed to customers and the public provides an ideal method for instructing the bank's own personnel in the advantages of electronic banking. It is an important by-product of planning a comprehensive campaign from the start. A well rounded program has the depth necessary to reach all three major groups. It tells its own story. It is the best framework upon which to plan meetings and talks to in-bank people. It educates and informs. It invites their aid and cooperation.

First let's look at the various media that can be used to do an effective education job:

- (1) Announcement folder
- (2) Identification cards
- (3) Statement enclosures
- (4) Counter blotters
- (5) Lobby display posters
- (6) Thank-you cards
- (7) Pocket checkbook blotters
- (8) Newspaper advertisements
- (9) Supplementary media.

As we study the relationship of media to the three basic planning phases, we find they fall logically into their proper slots—the introductory, installation, and follow-through stages.

## Introductory Stage

For example, in the *introductory stage* we would use:

An *Announcement Folder*. This is the opening gun in the program. It describes electronic banking in simple, understandable terms and spells out the degree of customer cooperation required to obtain its fullest benefits. It creates the first favorable image of the bank offering a new, progressive service to its customers and the community. It



Bank experiences show that a well rounded program of newspaper ads, direct mail, statement stuffers, and announcement cards are essential to full customer cooperation. *Standing at right* is Mr. Greene, shown examining samples of such customer relations material with Atlas Vice-president R. J. Considine



should receive the widest possible customer circulation.

**Identification Card.** This constitutes one of the most powerful pieces in the campaign. It's the customers' first contact with numerics. From it he learns of his "electronic signature"—his account code number. He learns *why* this code number is important. And the customer's response to the importance of the code number will be greatly influenced by the quality of the bank's presentation.

Many banks distribute the plastic identification card with a letter. We have designed a combination card-and-letter (called Identia-Letter) which carries the identification card as an integral but removable part of the letter.

In every bank there will be a certain percentage of joint accounts. For these a double identification card is desirable.

**Lobby Display Posters.** These have been designed to accomplish a two-fold purpose: announce the installation of electronic banking and emphasize the need to use code numbers. These posters create an effective

"atmosphere" for the bank's personnel. They sell hard but unobtrusively. They should be used throughout all stages of the program and replaced when necessary to maintain a fresh, clean appearance.

#### Installation Stage

**Statement Enclosures.** Their distribution should follow closely on the heels of the identification card. Preferably, they should be included with the first electronically posted statement received by the customer. In any event, customers should receive them soon after the electronic system is installed.

**Newspaper Advertisements.** The

"you" angle is particularly important. The ads must be designed to tell a complex story simply and accurately—not only to the bank's customers, but to the public at large. Customers and prospective customers are interested only in the benefits of the system to *them*. Ads should be scheduled to appear with the installation of the system, or slightly before.

**Counter Blotters.** They support the educational campaign for numerics. In addition to their normal over-the-counter distribution, they also make for effective statement stuffers as a supplement or follow-through

(CONTINUED ON PAGE 118)

When The First National Bank of Leesburg, Fla., received shipment of its National Cash Register Post-Tronic bookkeeping machines, the first guests invited to see the equipment were the bank's stockholders attending their annual meeting. One of the machines was set up temporarily in the bank lobby so that customers might see it, also, following their receipt of a letter from the bank announcing the installation and enclosing the customer's plastic plate with his "electronic signature." Newspaper space was also used to announce the change-over in bookkeeping procedure



# METHODS and IDEAS

## Tips for Cost Cutters

**M**AINTENANCE of bank profits, particularly if expenses continue to climb, requires operating efficiency. This article offers some terse suggestions toward that end.

**Forms.** Have you reviewed your bank's lately? Great savings can result from standardization and control. Do you have paper and design standards? Often paper is unsuited to the usage the form gets; it can be too good! Quality stock costs two or three times more than white sulphite. Also, numerous multiple copy forms are now being manufactured. You might find some of them useful.

Be careful when ordering; in a year or two you may want to make major changes in a form and could find yourself overstocked. Suggestion for smaller banks: have the printer wrap a separate package containing a minimum supply of a form, tag it with purchase date, quantity and cost, and identify it as the batch to be used last. When the bundle is opened, the tag goes to the purchasing officer; thus you have an automatic purchasing control and review.

**Equipment.** Welcome your equipment salesman; give him a chance to prove that he can save you money and improve operations. If you're confused after hearing all the sales arguments, perhaps your correspondent bank can summarize the advantages and disadvantages the equipment would offer your bank.

In this transitional period it may pay the medium-size bank to have some accounting operations handled in a service bureau where experts can analyze your needs and program the accounting. At LaSalle we have had excellent results with this.

**HARRY E. MERTZ**

*Mr. MERTZ is assistant vice-president and auditor of the LaSalle National Bank, Chicago.*

**The Staff.** There's quite a difference between productivity of people; employees assigned to similar tasks turn out varied amounts of work. Unless production standards are set, expensive leaks in output are likely.

**Analyze absenteeism**—admittedly a difficult problem. However, there seems to be a trend toward improvement.

**Train a flexible staff** so that people can be used in different jobs as the peaks and valleys come along.

**Noise, poor lighting, inadequate work space** cut efficiency.

**Cost Accounting.** Here's an essential in your planning. It can help determine policies and it will show which services are profitable, which should be promoted or discontinued.

**Communications.** This area deserves serious study. You might find, for example, that a letter or memo costs less than a wire; that a hand-written letter can be produced for less than one dictated or typed; that centralized dictating would help.

**Service Charges.** Review them and the method of computation. Some banks have found it advantageous to mechanize this operation.

**Filing.** Install better systems. In many banks individual persons have their own file drawers, whereas a central system might cut costs and improve service. Save space by removing unneeded, outdated material.

**Care of Equipment.** Proper maintenance is essential. Operators should know how to care for as well

as how to use the machines. Follow the manufacturer's advice on inspection and maintenance. When you have trouble call a competent serviceman. Don't try to do-it-yourself; this is a job for a pro!

While the serviceman is in the bank have him see that the operators know how to oil and adjust the machines. Ask him whether the equipment is being used properly.

Put heavy volume jobs on your newer, more modern equipment. Unusual work should be done by machines designed for the purpose. For example, an electric typewriter is better for cutting stencils and for multicopying than is a standard machine.

Many suggestions for the care of equipment are available from the manufacturer.

**Timesaver.** Consider paying your employees by checking account rather than by the time-consuming methods of preparing a cash payroll or issuing checks.

**"Stops."** Review your stop payment system. Bookkeepers usually have too many stops to watch. Try to eliminate old orders and to reduce the small, bothersome kind.

**Teller's Cash.** Consider sending each teller's cash deposits to the proof department with one cash ticket entry at the day's end, rather than handling them on an individual basis.

**Accounting Machines.** In smaller banks, multi-purpose machines have many advantages over the old one-purpose type.

**Savings Passbook.** It's been figured that 75% to 80% of the customers use only one page of a book. So you might consider a single or two-pager; it would cut costs.

**Safe Deposit Forms.** One can be designed to include receipt, credit to income, Federal tax, follow-up copy, audit control copy.

This article has tried to offer only a few thought-starters on the road to better efficiency, cost reduction, and operating improvements. A careful study of this enormous field will be rewarding in your bank, you may be sure!

## Quizzes Sharpen Staff's Knowledge of Bank

CRAWFORD COUNTY Trust Company, Meadville, Pa., holds monthly staff meetings featured by quizzes about the bank. The program, says Carl H. Kielmann, assistant vice-president and treasurer, was designed to stimulate the employees' interest in banking and to increase their knowledge of their bank.

Five questionnaires were drawn up by a committee. The first, of a general nature, served to determine the extent of the staff's general information. The 25 questions included:

Who is chairman of the board?  
How many directors does the Craw-



This is Francis W. Knisley of Fidelity Trust Co., Pittsburgh, and the "Sum Dial" he invented. It's a pocket-size computer that quickly determines the amount to be deposited periodically to reach a specific savings goal, compound interest included. The dial is being used with the bank's new savings club program

## The Good Supervisor

He should certainly have basic leadership qualities. He must be more aggressive with people than the average person he is supervising. He should by all means be stable emotionally. Nothing is more damaging to staff morale than the feeling that decisions are made and instructions are given on an emotional basis.

He should have self-confidence. He must be sure of himself so he can concentrate on others, forgetting his personal interests and needs.

He should be able to give instructions clearly. He must be able to communicate.

He must be capable of analyzing problems and reaching intelligent solutions.

The good supervisor understands people, their basic needs and drives. He leads with sound constructive policies. He is stable, firm, and capable. He takes a personal interest in each of his workers and evaluates them and their work objectively. He informs them of their progress, good or bad.

He knows management policies and interprets them to the workers in terms of their jobs.—LAWRENCE J. SMOTHERMAN, assistant vice-president, First Wisconsin National Bank, Milwaukee, at the Financial Public Relations Association's southern regional conference.

ford County Trust have? Who is in charge of the instalment loan department? Is the bank state or nationally chartered? What is the rate of interest on commercial accounts (multiple choice answers)? Is a minimum balance required? What is the bank's A.B.A. routing symbol?

The second quiz was for the bookkeeping and proof departments. Here's a sampling:

Do a customer's statement and ledger have the same basic information? The statements and ledgers are posted by the same person (true or false). What is a bookkeeper's best procedure should a customer call for a balance on the phone (multiple choice)? What do you consider to be the basic function of the proof department?

Other quizzes covered the teller operation, miscellaneous departments (safe deposit, night depository, loans, trust, etc.), and the final will cover the entire bank.

There is a prize for the best list of answers submitted in each of the four seniority groups into which the staff is divided.

The monthly meetings are held in a hotel, and refreshments are served. In order that the staff can feel relaxed, the president and vice-presidents do not attend.

The quizzes are stimulating discussions among the employees, and sharpening their curiosity about what goes on in the bank.

## Internal Control

Here are ideas on internal control heard at a seminar conducted by the Bank-Share Owners Advisory League, Chicago.

### Direct Verification

THE positive method is the only sure way to know you have reached the customer, said Delbert N. Urick, vice-president and comptroller, Harris Trust and Savings Bank, Chicago, and Harold J. Bacon, executive vice-president, Home State Bank, Crystal Lake, Ill.

Suggestions: Use the program for its public relations value: "We're making our bank even safer." Have an officer write a "we miss you" letter to owners of dormant accounts, mentioning balance and last transaction, and asking whether these are correct.

Verify all accounts at least once every three years, balances annually. Send verifying form two or three days after statements. Have two employees not in bookkeeping check customers' replies with information on a form kept in the bank; exceptions should be checked by a third person.

(CONTINUED ON PAGE 106)

# World Business and Banking

**THE PARLOUS STATES OF U. S. AND WORLD ECONOMICS** are closely linked, both in propaganda and in fact. U. S. industrial recession is reflected in reduced demand for world commodities. Reduced buying power of raw material producers diminishes their effective demand for the products of all industrial nations.

\* \* \*

**AGONIZING REAPPRAISAL OF FOREIGN AID** has become an annual event. Those advocating all-out aid are agonized to have to educate the voters all over again; and their opponents agonize all through the year over America's wasted substance.

\* \* \*

**NOW IN RECESSION THIS BECOMES CLEARER.** Dulles' very first argument for the 1958 aid program is: "It gives employment to 600,000 Americans." When there was no need to give such employment, equally appealing arguments were brought to the fore.

\* \* \*

**STOPPING OFFSHORE PROCUREMENT BUT NOT AID** "during...the present recession" is the formula of Senator Watkins (R., Utah). Aid dollars, even when financing offshore buying, ultimately must be spent here, as any banker knows. The Senator wants ships, not telegraphic transfers, to carry the aid away right off.

\* \* \*

**DULLES IS FIGHTING HARD** for the trade agreements program, as well; no easy battle this year. Domestic recession has strengthened the protectionist forces. In the end, Congress will enact both an aid and a trade program, but it will write its own restrictions and amendments.

\* \* \*

**HOW ONE'S OWN POCKETBOOK—NOT THE NATION'S—IS AFFECTED** determines which aid or trade program one supports or opposes. The AFL-CIO still supports the Trade Agreements Program and its tariff whittling. But where a given industry is hurt, AFL-CIO advocates a "trade adjustment program": help for firms, communities, and workers from the Treasury.

\* \* \*

**FIVE-YEAR RENEWAL** would empower Washington to negotiate with Europe's Common Market. If they can't get five years, the program's backers want only one, with a renewal of the fight next year.

\* \* \*

**MORE BILLIONS FOR THE EXIMBANK** are sure to be voted, especially in a recession year. The world counts on this ever-growing Goliath for a flow of dollars; and so do some of our most respectable Big Board companies.

\* \* \*

**EXIMBANK IS VIRTUALLY AN ARM OF STATE DEPARTMENT** in making U. S. political loans abroad; e.g., \$150,000,000 to India in March, along with \$75,000,000 from the new Development Loan Fund. Dulles got his economic aide named Eximbank chief in 1956.

\* \* \*

**AN EVER-HUNGRY WORLD SEES ANOTHER BIG DOLLAR GAP** for Washington to fill, and a variety of proposals are being floated in the news, especially from Britain, which, because of its position as sterling-area bankers, is very conscious of its precarious reserves. The 1957 payment on the British Loan for 1946 had to be postponed.

\* \* \*

**LONDON OFFERS US A VARIETY OF IDEAS** from which to choose. One, suggested by Lloyds Bank Chairman Sir Oliver Franks, is a large stabilization loan for sterling.

\* \* \*

**ENLARGEMENT OF THE IMF** is another. The IMF has been lending large gobs of hard cash, which is supposed to be repaid before long, recession or no recession.

\* \* \*

**AN INCREASE IN THE PRICE OF GOLD**, hopefully urged and rumored by the *Financial Times* of London on the slightest occasion, makes gold-mining shareholders more optimistic. A bad enough recession in the U. S., they are sure, will make the U. S. public more amenable to persuasion to devalue the dollar.



**MEANWHILE GERMANY PRESSES US** with diplomacy and "public relations" to recompense Germans whose property we seized in wartime. After World War II the Allies agreed to use such property, in lieu of reparations, to recompense their own citizens' claims against Germany. Recognizing this, Germany in 1952 agreed to pay Germans' claims. It never has.

\* \* \*

**"SANCTITY OF PRIVATE INVESTMENT"** is the slogan under which this effort moves. Several Senators have been persuaded to support the Germans. Somehow the slogan even got into an Eisenhower speech. Dulles is for it; but Justice Department is dead opposed.

\* \* \*

**RUSSIA'S ECONOMIC WARFARE** is being cited as a big reason why U. S. foreign aid must continue. Dulles cites Krushchev's "We declare war upon you . . . economic war." Prof. R. S. Allen of the U. of Va. told the Senate Foreign Relations Committee, however, the Communist trade drive is "the big promise."

\* \* \*

**RUMANIA'S PREMIER STOICA** says Rumania is ready to buy \$100,000,000 of U. S. industrial equipment. If Russia is so economically mighty as it lets on, why doesn't Rumania favor Moscow with that \$100,000,000 order, we wonder. There's something fishy about all this big talk coming from Russia and Russia's misguided human missiles in this country.

\* \* \*

**CLOSER TO REALITY IS THE COMMON MARKET** of western Europe. Officially now in being, its 12-to-15-year transitional period will see internal tariffs eliminated and a common tariff and commercial policy toward others. An even larger free-trade area is the goal of current European negotiations with Britain.

\* \* \*

**A EUROPEAN FREE-TRADE AREA**, including the Common Market and the British Commonwealth, the French fear, would attract U. S. direct investment to Britain, where it could sell throughout both areas, rather than to France and other Continental members. Quite likely.

\* \* \*

**BRITAIN DOESN'T WANT TO BE LEFT OUT** as she sees large investments move into the Continent. This explains why London is working so hard to marry into the family; to spread the movement from six nations to the whole 17-nation OEEC.

\* \* \*

**"MAKE IT IN BRITAIN"** is a pamphlet prepared by the Board of Trade for U. S. and Canadian manufacturers. It is free at the British Embassy, Washington 8, D. C., and at all British consulates in the U. S. and trade commissioners in Canada.

\* \* \*

**LATIN AMERICA SEES EUROPE'S UNION THREATENING** its economy. In Chile in February the Economic Commission for Latin America proposed a regional market eventually to include all LA countries and all commodities.

\* \* \*

**THE CONTEMPLATED LATIN BLOC** eventually would have a single tariff for all outside goods, including American; within its boundaries, multilateral payments. This is the Latin-American reply to Europe. But will it work? Latin America is not so logical an area for this as Europe, its colonies, and commonwealths.

\* \* \*

**A NEW BANK FOR UNDERDEVELOPED COUNTRIES**, an international agency to make soft loans with hard money, is proposed by Senator Monroney (D., Okla.) and is being studied by the World Bank. The latter, with an excellent record to date, is pondering what a serious depression could do to loans it has made to raw material countries. Uncle Sam to the rescue?

\* \* \*

**THE MILLS BILL, ALSO BEFORE THE SENATE**, will permit carryover of unused foreign tax credits. This provision the Treasury opposes. Administration statements have expressed the view that still more should be done to encourage U. S. foreign investment. But progress toward lowering our taxes on them is slow.

\* \* \*

**FOREIGN BANK BULLETINS**, a great many published in English, offer a valuable insight into business and financial trends in various countries. The Situation in Argentina, e.g., airmailed by the BA branch of the First National of Boston, is printed and forwarded from there—text, tables and charts.

\* \* \*

**BRITISH PROBLEMS AND VIEWS** get scholarly discussion in the *Midland Bank Review*, *Lloyds Bank Review*, *Three Banks Review* and others—all quarterlies. That of Volkskas, Ltd., Pretoria, South Africa, is a small book. The concise monthly review of Banco Nacional de Mexico comes in English.

# Tax Pointers for Trust Officers

## Under the 1954 Code

HERBERT BRATTER

*This is the fifth in a series of articles on tax matters of interest to banks. The series is being prepared in Washington by BANKING's correspondent in the Capital.*

**T**AX questions which arise under the 1954 Code in the administration of trusts and estates are almost legion. Important portions of that Code have yet to be clarified by the promulgation of final regulations and individual rulings. Even "final regulations" may not be the last word; for, after their promulgation, such regulations may be later amended by the Treasury. Rulings, moreover, may later be held to be without legal force.

That portion of the Code relating directly and exclusively to trusts, estates, and beneficiaries (Part I, Subparts A, B, C, D, and E of Subchapter J of Chapter I) has now been supplemented by final regulations under TD 6217, published in the *Federal Register* of December 20, 1956, and in the *Internal Revenue Bulletin* of December 31, 1956. At this writing, however, regulations as to Subpart F and Part II, which also relate to trusts and estates, have yet to be promulgated.

### Where to Get Questions Officially Answered

Presumably banks concerned with trusts and estates will have available the text of the Internal Revenue Code of 1954 and pertinent regulations published from time to time by the Internal Revenue Service. The regulations pertaining to estates and trusts (T.D. 6217) appeared on December 31, 1956, in the *Internal Revenue Bulletin* (No. 1956-53).

Before a return has been filed, the bank may obtain clarification of unclear points by visiting, phoning or writing the office of the district director of Internal Revenue or the Tax Rulings Division, Individual In-

come Tax Branch, in Washington. Once a return for an estate or trust has been filed, however, all questions must be taken up with the district director. Letters to Washington should be addressed to the Commissioner of Internal Revenue "for attention TRI." The telephone number of that branch is Sterling 3-8400, Extension 2244.

Below we present some observations on a few specific questions of interest to trust officers of banks as evidenced by inquiries received in Washington since enactment of the 1954 Code.

### Deductibility of Executors' Fees

Attorneys' and executors' fees may be deducted from either the income or the estate tax, but not both. Sec. 642(g) of the 1954 Code deals with the disallowance of double deductions. Many banks have sought clarification of this matter from the Internal Revenue Service.

On this subject the regulations state that administrative expenses and losses during administration are not allowed as deductions in computing the taxable income of an estate of a decedent unless there is filed in duplicate a statement that the items have not been allowed as deductions from the gross estate under Sec. 2053 or 2054 and that all rights under those two sections are waived. The relinquishment is permanent.

### Payments to Widows

Treatment of payments to widows while an estate is in process of administration often poses a question to the bank. Under the law in most states, executors and administrators may pay an allowance to the widow. From the standpoint of the Treasury regulations Sec. 1.661 (a) (2) (e) governs. In its application this subsection in effect assures to the estate or trust the same tax-deduction treat-

ment as is given in the applicable state law, if any. On this point the regulations provide (p. 42):

(e) The terms "income required to be distributed currently" and "any other amounts properly paid or credited or required to be distributed" do not include amounts required to be paid by a decedent's estate pursuant to a court order or decree as an allowance or award under local law for the support of the decedent's widow or other dependent for a limited period during the administration of the estate, except to the extent such amounts are payable out of and chargeable to income under the order or decree or local law. The term "any other amounts properly paid or credited or required to be distributed" does not include the value of any interest in real estate owned by a decedent, title to which under local law passes directly from the decedent to his heirs or devisees.

### 5-Year Throwback Rule

A feature of the 1954 Code which will become of considerable interest to banks and trust companies in 1959 is the 5-year throwback rule. To close a previous tax loophole, Secs. 665-8 of the Code were enacted to prevent a shift of tax burden to a trust from a beneficiary or beneficiaries. These sections provide special rules for treatment of amounts distributed by a complex trust in any year in excess of distributable net income for that year. Such an excess distribution, called "accumulation distribution," is "thrown back" to each of the five preceding years in inverse order, provided it exceeds \$2,000.

Accumulation distributions are taxed to the beneficiaries of the trust in the year the distribution is made or required, but in general only to the extent of the distributable net income of those years not distributed. The resulting taxes will not

(CONTINUED ON PAGE 60)

*"You betcha we're  
growing... going  
places too"*



Growing families and growing family income are the strength behind a great and growing South. In this vigorous region below the Mason-Dixon line, per family income has increased 74.7% during the last ten years. Life of Georgia—offering a sound method of saving through life insurance—is a stabilizing factor in the economy of this important area of the nation.

#### **LIFE OF GEORGIA FACTS**

*From Annual Statement of Dec. 31, 1957*

<b>LIFE INSURANCE IN FORCE..</b>	<b>\$1,466,145,402</b>
Gain of \$112,194,621 in one year	
<b>PAID POLICYHOLDERS AND BENEFICIARIES .....</b>	<b>\$15,389,068</b>
<b>ASSETS .....</b>	<b>\$155,597,610</b>
Increase of \$15,346,535 over 1956	
<b>LIABILITIES ..</b>	<b>\$136,537,707</b>
Liabilities include policy reserves	
<b>SURPLUS FUNDS AND CAPITAL .....</b>	<b>\$19,059,902</b>



**LIFE INSURANCE  
COMPANY  
OF GEORGIA**

**SERVING THIS FAST-GROWING  
REGION SINCE 1891**



be greater than they would have been, had the distributable net income of those years been then distributed. To prevent double taxation, the beneficiaries receive credit for any taxes previously paid by the trust attributable to the excess thrown back. If tax credits exceed the beneficiaries' tax liabilities, the beneficiaries are entitled to a refund of the excess paid by the trust.

Excluded from the computation of an accumulation distribution are: (1) distributions from accumulations while a beneficiary is under 21; (2) emergency distributions; (3) certain distributions at specified ages; (4) certain final distributions. Sections 665-668 constitute a portion of the Code that is very difficult to apply. The regulations intended to clarify these sections fill 33 printed pages, the text being illustrated by various examples. A very concise description is given on page 2 of the instructions for Form 1041.

#### Excess Deductions on Termination

A question put to the Internal Revenue Service relating to Sec. 642 of the Code was deemed of sufficient interest to warrant publication of a special Revenue ruling in the January 28, 1957, *Internal Revenue Bulletin* (Rev. Rul. 57-31). The inquiry was whether excess deductions allowable to a residuary testamentary trust on the termination of an estate, which trust distributes all its income, will be available to the income beneficiary of the trust should such deductions exceed the gross income of the trust for its taxable year.

Sec. 642(h)(2) of the Code provides that deductions, other than for personal exemption and charitable contributions, in excess of the gross income of an estate or trust for its terminal year may be allowed as a deduction to the beneficiaries succeeding to the property of the estate or trust. A testamentary trust may be a legatee or beneficiary of an estate for Sec. 642(h) purposes.

Revenue Ruling 57-31 holds that, if a testamentary trust has deductions in excess of its gross income after the allowance of deductions from an estate made available to it through Sec. 642(h)(2), such excess is not deductible by the income bene-

ficiary of the trust. However, the ruling provides that, if the trust also terminates during the taxable year in which it is allowed the 642(h)(2) deductions, those in excess of its gross income will be available under this subsection to the remaindermen.

#### "Other Amounts Distributed"

Banks are frequently puzzled as to the taxability to the beneficiaries of estates and trusts of distributions of property in kind, including shares of stock. This is governed by Sec. 662(a)(2) of the 1954 Code. That section, which relates to "inclusion of amounts in gross income of beneficiaries of estates and trusts accumulating income or distributing corpus," provides that there shall be so included not only the amounts required to be distributed — whether distributed or not — but also other amounts distributed. The regulations hold that property in kind comes under the scope of this subsection.

Sec. 662(a)(2) provides that "other amounts," subject to the provisions of Sec. 663, are includible in the beneficiaries' gross income only to the extent of each beneficiary's proportionate share of the distributable net income reduced by the amount of any income required to be distributed currently. Subsection (b) of the same section gives the beneficiary certain safeguards with respect to tax-exempt income, the dividends-received credit, etc. Sec. 663(a) provides that if "amounts" of the type described in Sec. 662(a)(2) can be paid out of other than income, they shall be considered income of the estate or trust to the extent of distributable net income.

The regulations as they relate to Sec. 662(a)(2) list some of the

types of payment to be included, to wit:

(1) A distribution made to a beneficiary in the discretion of the fiduciary.

(2) A distribution required by the terms of the government instrument upon the happening of a specified event.

(3) An annuity which is required to be paid in all events but which is payable only out of corpus.

(4) A distribution of property in kind.

(5) An amount applied or distributed for the support of a dependent of a grantor or a trustee or co-trustee under the circumstances specified in Section 677(b) or Section 678(c) out of corpus or out of other than income for the taxable year.

Further, with reference to property in kind, the regulations in their discussion of Sec. 661 deal with gains or losses to the trust or estate by reason of the distribution, and with the timing of determination of its fair market value both from the trust's or estate's and the beneficiary's standpoint.

#### Double Tax Benefits

Under the Code, certain payments are deductible for both income-tax and estate-tax purposes. Sec. 691(b) on recipients of income in respect of decedents allows certain items such as expenses, interest, and taxes accrued but not deductible on the decedent's final return, to be claimed as deductions on the income-tax return, if they are paid by the executor, even though the same items are also deductible on the estate-tax return under Sec. 2053.

Another type of double tax benefit not precluded by Sec. 642(g), it is claimed, consists of broker's fees, auctioneer's expenses, and the like incident to the sale of estate property. For estate-tax purposes, these are deductible and, therefore, under Sec. 642(g) may not also be "deducted" from income tax. But they are not deductions; rather they are offsets against gross sale proceeds, it is argued by lawyers. The Commissioner, however, in Revenue Ruling 56-43 holds that such items will be disallowed for income-tax purposes if they have been allowed as a deduction for estate-tax purposes and there has been no court decision clarifying the issue.

#### INCOME vs. OUTCOME

**I envy those men whose salaries rise,  
And into the millions extend;  
They never could hope to spend  
all they make—  
I never could make all I spend.**

STEPHEN SCHLITZER



# The ABC's of Banking...

## the "Professor" learned his lesson, too

Many a banker has functioned, reluctantly, as a part-time "professor" of banking ABC's—because he entrusted his new quarters project to people who had to be instructed in the special needs of his business. Many have lost precious time away from their own work, indoctrinating designers, engineers, and contractors—and have still wound up with quarters inadequately planned to meet today's competition and the challenge of tomorrow.

They've learned their lesson, they tell us. They've learned that in planning and building *banks*, there's no substitute for experience and specialization. Over 3,300 bankers whose quarters were planned by Bank Building Corporation can, and will, attest to that. Our specialized methods produce quarters tailored to *your* needs, *your* budget. And our experts take all the load off your shoulders, all the details, freeing you to be a banker.



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See for yourself the results of Bank Building's specialized planning; there's one of our projects near you. Send today for this directory of recently-completed projects. There is no obligation, of course.

New speed...

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# so many banking operations!

**I**N BOOKKEEPING, transit, saving, and trust departments—in fact *wherever* you keep records, the new Recordak Reliant Microfilmer with Kodamatic Indexing lets you *save time microfilming . . . save time looking things up later!*

Offers one plus feature after another to make your microfilming easier, safer, faster!

With its *high-speed automatic feeder*, the new Reliant photographs up to 400 checks per minute. Ends worries about missed pictures. This precision feeder makes it all but impossible to “double-feed” documents—the greatest cause of missed pictures.

Checks, if you wish, are endorsed or cancelled automatically during microfilming run, another step saved!

Important, too—a simple setting of the new Reliant's *Kodamatic Indexing* dials automati-

cally indexes your records—right on the film! When viewed in Recordak Film Reader, code-lines lead you *right* to pictures you want *in seconds!*

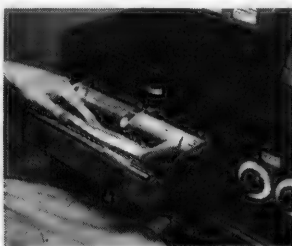
## **Prompt, nation-wide film processing.**

The films you use in the Reliant are developed the very same day they are received at your local Recordak Processing Center. In all 34 of these strategically located centers, skilled technicians using the latest Kodak professional equipment process your films to highest standards—your assurance of picture-perfect records at all times.

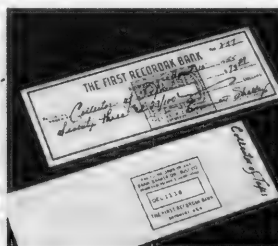
**Now . . . try before you buy!** Have a new Recordak Reliant Microfilmer with Kodamatic Indexing installed in your bank for 30 days' free trial. See how the Reliant gives you more in every way. There's no obligation to buy or rent. Mail coupon right now.



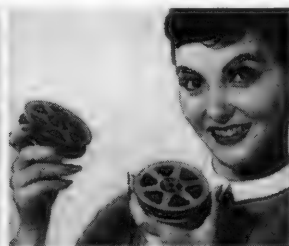
**Kodamatic Indexing.** Pictures are indexed automatically during microfilming run. Lets you find any picture fast in reader



**High-speed Feeder** all but ends possibility of missed pictures, even at a 400-check-per-minute recording speed



**Recordak Endorser** eliminates separate operations. Endorses or cancels automatically during microfilming run



**Double Protection.** Reliant lets you expose two rolls of film simultaneously—one for reference, one for security file

# RECORDAK

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**originator of modern microfilming—  
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## MAIL COUPON TODAY

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415 Madison Avenue, New York 17, N. Y.

Gentlemen: We are interested in your “30-day Free Trial Offer” of the new Recordak Reliant Microfilmer with Kodamatic Indexing.

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Bank \_\_\_\_\_

Street \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

# Air Reduction reports another record year

Sales and earnings reach new highs  
for the third consecutive year



Air Reduction sales in 1957 reached a record \$189,987,698 as compared with the previous all-time high of \$169,818,703 in 1956. Net income for 1957 was \$16,476,180 as compared with \$15,731,579 in 1956. Earnings per share, based on the average number of shares outstanding, were a record \$4.35 in 1957, as compared with \$4.32 in 1956. The average number of shares outstanding increased from 3,577,923 in 1956 to 3,760,448 in 1957.

## GROWING SERVICE—TO ALL INDUSTRY

Air Reduction's extensive program for expansion and modernization of producing facilities, combined with an ever increasing research and development effort, have broadened the product base to a wide degree of diversification. Today, Air Reduction manufactures and markets products for virtually every segment of the nation's economy. The major industries served include: aircraft and missiles; metalworking, construction and steel; food and beverage; paint, textile and plastics; chemical; electronics; and transportation. Also, the medical field is a large user of Airco products.

Among the products produced and sold by Air Reduction are industrial gases, and welding and cutting equipment; acetylene for chemical uses, vinyl acetate and other chemicals; carbon dioxide; and medical gases and hospital equipment.

## Financial highlights

	1957	1956	1955
Sales .....	\$189,987,698	\$169,818,703	\$149,231,826
Depreciation and Accelerated Amortization .....	10,214,924	9,964,084	9,297,055
Income Before Taxes .....	32,469,537	31,799,113	23,796,889
Federal and Foreign Taxes .....	15,993,357	16,067,534	12,227,599
Net Income .....	16,476,180	15,731,579	11,569,290
Earnings Per Share of Common Stock— After Preferred Stock Dividend (based on average number of shares outstanding during the year)...	4.35	4.32	3.54
Dividends Paid Per Share—Common .....	2.375	1.90	1.50
Capital Expenditures .....	29,050,000	18,400,000	10,750,000
Stockholders' Equity .....	124,049,474	115,653,995	105,954,459
Total Assets (less applicable reserves) .....	195,328,637	162,611,483	150,886,087
Shares of Common Stock Outstanding			
Average Number During Year .....	3,760,448	3,577,923	3,009,639
Actual Number at End of Year .....	3,796,335	3,687,665	3,323,095
Number of Stockholders at End of Year			
Common .....	23,803	22,063	20,696
Preferred .....	1,361	1,991	3,147
Number of Employees at End of Year .....	8,718	8,358	7,858

Air Reduction's 1957 Annual Report—its 42nd, and "Facts About Air Reduction"—a brief description of the company's business, are available upon request. Write to the Secretary.

**AIR REDUCTION COMPANY, INCORPORATED**  
150 East 42nd Street, New York 17, N. Y.



# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

## Business Building Bulletin

APRIL 1958

### AUTOMATION: The Public Relations Aspect

*The editorial on this page is taken from the manuscript of MELVILLE M. PARKER, which we publish on page 40. MR. PARKER writes as chairman of the A.B.A. Public Relations Council.*

LOOKING at the public relations aspect in planning for automation in our banks, we can all agree that it is our obligation to provide for our customers and the public new and better banking services, and to stabilize, and if possible reduce, the cost of those services. We are also obligated to our stockholders to produce a reasonable profit and give them a fair return on their investment. Unlike many industries where the cost of raw material is a substantial percentage of the final cost of production, the banking industry spends more than 50% of its gross income on salaries and internal overhead. Everything bank management can do to improve efficiency will cut down per item handling costs. Furthermore, more efficient handling of the work, made possible by automation, will release time for other duties, help to make it possible for more of the public—the middle millions—to use banking services, and will assure the continued existence of the private banking system.

THE more people who use banking services and are satisfied with them, the more likelihood there is that our independent banking system will survive as the keystone of American free enterprise. If the people of our communities receive the kind of service to which they believe they are entitled and are convinced that the cost of that service is fair and reasonable, then they will be interested in seeing that banking remains a private industry operated for the benefit of its customers, owners and employees. If on the other hand, a majority of people believe that the cost of banking service is becoming too great in comparison to other things for which they spend their money, then it would not be hard to convince them that the necessary banking services could be applied more efficiently and economically by a government agency. The cry might be "let the Government operate the banks, just as it does the postal

system, and let the taxpayers make good the deficit."

Contrary to the popular belief that "bankers hours" are 9 to 3 because the bankers want a lot of leisure time, actually the fact is that the comparatively short banking day is necessary because of the volume of clerical work that must be done before the bank is opened and after it is closed. Tellers and other personnel who serve the public must process a large amount of detail before and after banking hours. There is no reason why automation could not bring a longer banking day for the convenience of the public, without a lengthening of employee working hours.

WE will all agree that banking is faced with the job of providing more and better service at less cost, and at the same time we must operate our banks at a profit. In the future we will be able to get along with less unskilled help, but no one is likely to be thrown out of a job because of automation. Normal turnover will take care of any reduction which may occur.

Once electronic systems become practical for general use, a broad field is opened for skilled people to operate them. Salary levels in the mechanical departments of banks are bound to be increased because of the upgrading of jobs. Banking has constantly striven to improve the lot of its personnel, and, in education through the American Institute of Banking, The Graduate School of Banking, and the many state and regional programs, banking has developed the greatest adult education program in the world.

From the public relations angle, it will also be most necessary for us to inform our customers before installing any automation or electronic system that will affect their dealings with the bank. We must emphasize to the public that banking is keeping step with the times. We can't stand still. We either go backward or forward, so the only change we are striving for is change for the better in the form of expanded service at lower costs. The development of automation in banking opens the door to new horizons of operating control, bank expansion, customer service, and methods of improvement hitherto unattainable.

# IDEAS AT WORK

## Community History

**B**ANKS facing the problem of how to celebrate an anniversary will be interested in the recent experience of the Glen Ridge (N.J.) Trust Company.

Discarding the familiar idea of publishing its own history, it decided to perform a community service by preparing and publishing a history of Glen Ridge. More than 100 photographs of people and events in the community back to the turn of the century were assembled and uniform enlargements made. These were exhibited at a well-attended open house on a bank holiday. Light refreshments were served and each family received a copy of "The Glen Ridge Story," a 40-page illustrated brochure.

The book was a big hit. Copies were furnished to nearby libraries and schools, mailed on request to residents' out-of-town friends, and used by local real estate people to attract new residents.

## Gold Medal Service

**T**HE \$3-billion Chemical Corn Exchange Bank, New York, has a new program for merchandising its

facilities. Keynote are a visual symbol (a gold medal) and the phrase "Chemical Gold Medal Services."

A medallion sculptured with the faces of a consumer family symbolizes, said the bank, "the efforts of Chemical's 6,000 employees in its 93 Greater New York offices to provide superlative banking services." Major retail services are described as "Gold Medal 3% Savings Accounts," "Gold Medal Special Checking Accounts," "Gold Medal Installment Loan Plans," and "Gold Medal Safe Deposit Services."

The campaign, developed by Doremus & Company in conjunction with

## Outdoor Ad Awards

**S**ix banks were winners in the annual local outdoor advertising contest sponsored by the Outdoor Advertising Association of America, Inc., Chicago.

First & Merchants National Bank, Richmond, Va., won three awards: a second place for poster campaign of a year or more, and a second and a third for poster design. Other winners:

Traders National Bank, Kansas City, Mo., second, poster campaign, 1 to 3 months; Virginia Trust Co., Richmond, first, embellished painted bulletin campaign (non-rotary); First National Bank of Portland, Ore., third, rotary painted bulletin campaign; Texas National Bank, Houston, poster design, larger markets; First National Bank, Little Rock, third, poster campaign, 3 to 12 months.

the bank, is promoted through newspaper ads, radio and television, subway car cards, direct mail.

## Big Prize

**T**EXAS Bank and Trust Company, Dallas, offered an all-expense 2-week trip "anywhere in the world" for two as the first prize in a business promotion. Contestants wrote a slogan for "Auto-ramic" banking, the label the bank has given its services, and competitors were required to open an account or rent a safe deposit box. A roller-skating hostess was an attention-getter in the lobby during the promotion.

## Science Scholarship

**T**HE National Bank of Commerce of Houston gave a \$100 "Put America Ahead Scholarship" to the outstanding science student in each of 43 high schools.

The awards were U. S. Savings Bonds, and thus served the dual purpose of giving a friendly hand to scientific education and to support of the city's bond campaign.

## The Town Turned Out!

**S**ix months before the opening of its new quarters, The Peoples National Bank of Barre, Vt., began



Harold W. Helm, chairman of the Chemical Corn Exchange Bank, New York, with the Gold Medal plaque, which is the symbol of the bank's new advertising program



Guests at the Barre bank's open house watched equipment demonstrations

preparations for the celebration. Directors and staff were organized into working committees to make the plans, and the progress of the remodeling had step-by-step publicity.

On Open House Day live radio programs were broadcast from the bank, with descriptions of the new

quarters and lobby interviews with visitors. There were gifts for everybody, and a door prize.

Result: despite rainy weather, 7,500 people visited the bank that Saturday. "Quite remarkable, we feel," comments executive vice-president Frank W. Black, "for a bank

The "Ideas" section of the *Business Building Bulletin* is by JOHN L. COOLEY.

in a city of approximately 12,000 people."

### Salute

Mercantile Trust Company of St. Louis ran an ad saluting 51 life insurance "men of the year."

### For Businessmen

Union Market National Bank of Watertown, Mass., has a new service: a semi-annual business forecast for New England. Its purpose is to assist executives responsible for sales inventory, and labor planning.

### Management Seminar

Forty-eight Connecticut businessmen enrolled for a management course in finance conducted by Hartford National Bank and Trust Co.

## Getting New Business

THESE ideas were gleaned from the Financial Public Relations Association regional meeting at New Orleans and the business development conference of the Illinois Bankers Association in Chicago.

**"ASK ABOUT."**—That's the label on a new program at Citizens National Bank, Abilene, Tex., reported by Vice-president Jack Morris. Chief tools are cards displayed in the bank. Samples: "Are Your Securities Safe?" (blue); "Ask About" (red); and then "Safe Deposit Boxes" (blue). The service being promoted is also featured in the outside advertising. Before each card is released the staff is fully briefed on the service at small group meetings.

**YOUR BANK'S PERSONALITY.**—Thoughtful advertising can shape it, said George Goodwin, vice-president, The First National Bank of Atlanta. Bank advertising must be dignified without being dull, human without being silly. Use of advertising presumes that you have determined the image you wish to convey. The bank that thinks of advertising as a sales tool only and never considers its public relations impact is leaving too much to chance.

**MARKET RESEARCH.**—A study of your market will enable you to fit copy to local conditions. Advertising is only a substitute for personal selling, remember; and knowledge of your market and people is most helpful, noted Harold W. Lewis, vice-president, The First National Bank of Chicago.

**QUALITY COUNTS!**—A call program aimed at producing a smaller number of effective visits rather than "a flurry of contacts made for quantity" is advocated by Eldon F. Lundquist, vice-president, St. Joseph Valley Bank, Elkhart, Ind. Quantity production bogs down in results, and tends toward loss of enthusiasm by the callers. Place no rigid time limits on call schedule; let callers select their own contacts. Essentials: the right person to do the job, the right place to call, a reason-

able work load; also, top management's active support.

**COMMERCIAL CHECKING PROSPECTS.**—Select your prospects carefully, suggested Ed Lucht, vice-president, Merchandise National Bank, Chicago. Survey present accounts to determine where your marketing area is, where your coverage is weak, size of accounts, types of business you serve. To spot the location of customers, process a month's commercial statement stubs on the proof machine, with each key representing a postal zone. Strengths and weakness in coverage are evident when the total number of accounts and deposits—with percentages—is plotted on a map by postal zones. Then decide where your greatest potential is and prepare a prospect list.

"Jones certainly took that merchandising course seriously" is the caption on this cartoon appearing in the annual report of Girard Trust Corn Exchange Bank, Philadelphia



# BUSINESS AIDS

## Your Customers Can Use

THE wise businessman often turns to his banker for ideas and pointers, on the theory that the banker has broad contacts, multiple sources of information, a finger on the pulse of economic affairs, and valuable experience. The banker, of course, is glad to be of help wherever he can. For the bank which helps a customer do better is at the same time helping itself.

People also come to editors for advice. From time to time the editor of *BANKING* receives inquiries from readers anxious to get a bit of help in helping a customer. Often the information sought is available in an article, book or pamphlet, the likes of which pour in a steady flow from Government and private printing presses. Below (as we did last month also) we cite a few illustrations, with the thought that the questions and answers may interest more than a few of *BANKING*'s readers.

### Confidential Information

**Q.** *Where in Washington can we get a list of companies or plants employing 100 or more persons?*

**A.** This information is not available. The Census law requires confidential treatment of information filed by reporting establishments.

### Carpet Industry

**Q.** *What are the best sources of statistics on the carpet industry of this country?*

**A.** The Carpet Institute, Inc., 351 Fifth Ave., New York City 1, will make available, free, its latest *Basic Facts About the Carpet and Rug Industry* and other publications. Also available, free, from the Research Department, Curtis Publish-

ing Co., Philadelphia 5, Pa., is *The Market for Rugs and Carpets*.

### Pesticides

**Q.** *We'd like to help a client who is seeking production and sales data for pesticides. What is a good source of such information?*

**A.** You might refer your customer to U. S. Tariff Commission Report 200, Second Series, *Synthetic Organic Chemicals—U. S. Production & Sales, 1956*, which is sold by the Government Printing Office in Washington at 65¢ a copy.

### Adhesives

**Q.** *What is the size and sales volume of the adhesives industry?*

**A.** This question is hard to answer because there are so many adhesive products made of so many different raw materials. You might consult the 1954 Census of Manufactures, *Miscellaneous Chemical Products*; the 1955 Survey of Manufacturers; the Commerce Department's *Facts for Industry* report on animal glue; and U. S. Tariff Commission Report 200, Second Series, *Synthetic Organic Chemicals—U. S. Production & Sales, 1956* (65¢ from the GPO). Some additional sources are: Kenyon Loomis, Adhesive Manufacturers Association, 441 Lexington Ave., New York City 17; the Corn Industries Research Foundation, 1001 Connecticut Ave., NW, Washington 6, D. C.; and Pressure Sensitive Type Council, 530 Echo Lane, Glenview, Ill.

### Seasonal Marketing Patterns

**Q.** *How can we locate the seasonal sales pattern for consumer durable goods?*

**A.** You may get information on

this subject in the latest annual review number of the Commerce Department's *Survey of Current Business*. Try also the latest statistical and market issue of *Electrical Merchandising*, 330 W. 42 St., New York City 36. The Census Bureau's *Monthly Retail Trade Report* and the Federal Reserve banks' statistical series on monthly department store sales may also help you.

### Market Analysis Maps

**Q.** *Where may we get some good area maps for wholesale activity in the grocery and dry goods businesses?*

**A.** The *Business Service Bulletin* No. 18 of the Commerce Department's Office of Distribution contains statistics and maps for national market analysis. The *Distribution Data Guide*, a monthly publication of the same office, also has published such information.

### Retail Trade Maps

**Q.** *Can you steer us to a good retail trading area map?*

**A.** Many such maps are available. The U. S. Department of Commerce is a good source. Among private publishers we may mention:

McGraw Hill Publishing Co., 330 West 42 St., New York City 36.

Curtis Publishing Co., Philadelphia 5, Pa.

*Sales Management*, 386 Fourth Ave., New York City 16.

### Radioactive Materials

**Q.** *Is there a central place in the Government where one can get the standards for radioactive materials for use in industry?*

**A.** In cooperation with industry, the National Bureau of Standards



## BANKING's Reader Service

THE questions and answers printed here suggest the variety of information which BANKING can help you get for your customers.

Have you a problem?

If we can be of help to you—or through you, to your customers—we'll be glad to try.

If handling your inquiry involves only a nominal expenditure of time, or can be answered in this section, there will be no charge.

For time-consuming reports on special subjects, BANKING will bill you its actual cost.

prepares and distributes more than 600 different standard samples of metals, ores, ceramics, chemicals, and reference standards. Some of these materials are certified for chemical composition. Others are certified for such properties as viscosity, density, melting point, index of refraction, heat of combustion, color, gloss, and acidity. Recent additions include a number of radioactive materials and isotopes for use in nuclear physics, biochemical research and allied fields.

NBS Circular 552, *Standard Samples and Reference Standards* is obtainable at 25¢ from the Superintendent of Documents, Washington 25, D. C.

### Testing for Inventors

Q. Will the Bureau of Standards test a new device for an inventor?

A. The National Bureau of Standards does not test or evaluate proprietary items. In cooperation with standardizing organizations, the Bureau assists in developing methods of testing, but the finished documents generally are issued by the standardizing organization, such as the American Standards Association, the American Society for Testing Materials, etc. Many private testing laboratories serve the public commercially.

The American Society for Testing Materials, 1916 Race St., Philadelphia, Pa., sells for \$1 its *Dictionary of Commercial and College Testing Laboratories*.

### Equipment Write-Offs

Q. For one of our customers, a small department store, we have financed the installation of an air-conditioning system. How fast can

our customer write off the cost of the equipment?

A. This question may be answered by consulting page 7 of the Internal Revenue Service's *Bulletin "F,"* entitled *Tables of Useful Lives of Depreciable Property* (IRS Publication No. 173, available at 30¢ from the Superintendent of Documents, GPO, Washington 25, D. C.). The page mentioned shows that the depreciation period may range from 10 to 20 years, depending on the type of air-conditioning equipment involved.

### Business Tax List

Q. A new customer just ready to start a restaurant business wants to

get a list of the Federal income and excise taxes to which he will be subject. Where can such a list be obtained? Should we write to the Treasury?

A. A checklist of taxes to which a business is subject is published by the Internal Revenue Service in its *Tax Guide for Small Business*, 1958 edition (IRS Publication No. 334, available at 35¢ from the Superintendent of Documents, GPO, Washington 25, D. C.), and also from the nearest local office of the IRS. Many banks, too, sell this booklet at the same price. The checklist covers various types of business, the taxes not being the same in all cases.

## Annual Report Ideas

**BANKS AND CARS.** Answering the question, "Why has the automobile become so important to banking?," Chairman Elwood M. Brooks of the Central Bank and Trust Co., Denver, says in the 1957 report: "Many bank services, such as accepting deposits, cashing checks, delivery of payrolls, and collecting loan payments, can more quickly and safely be transacted with the customer at the wheel of his or her automobile. We mention 'his or her' since the women are transacting a larger and larger portion of the bank's business every year. This is particularly true with regard to automobile banking.

"It is our firm belief that banks no longer require a location in the center of the retail or financial dis-

trict. Nearly 60% of our deposit transactions are handled by mail, armored truck, or the drive-in."

**PUBLIC DISPLAY.** Merchandise National Bank of Chicago put blow-ups of its report pages in the windows of its Merchandise Mart quarters. Selected for this purpose was information on the bank's aid to business, the condition statement, comparative financial data, and President Kenneth K. DuVall's message and comment on the business outlook.

**STATE PROMOTION.** Valley National Bank, Phoenix, added to its report an 8-page insert pointing up Arizona's advantages. The state's latest road map was included, too.

# ADS and AIDS that sell SERVICES

## New Series of Ads on SAVINGS

Prepared by A.B.A. Advertising Department

**IF YOU WANT TO BE READY  
FOR THE UNEXPECTED —**



*Saving,*  
**NOT WISHING, CAN MAKE IT SO!**

A bank savings account can go a long way toward taking the shock out of the cost of emergency medical care, for example, or of losses not covered by insurance. To be ready for the things that most budgets don't cover, try making regular deposits in a savings account with us. Be protected against the unexpected!

NAME OF YOUR BANK  
AND ADDRESS HERE



*The BANK is the  
Saver's Best Friend*

**IF YOUR PROJECT IS  
EDUCATING THE CHILDREN —**



*Saving,*  
**NOT WISHING, CAN MAKE IT SO!**

It takes more money to send a boy or girl to college today than ever before. Make sure you will have the money when the time comes for your youngster to go to that first freshman rally. Take a few minutes to open a savings account with us now. Doing so will make life easier for you, fuller for your children, *later!*

NAME OF YOUR BANK  
AND ADDRESS HERE



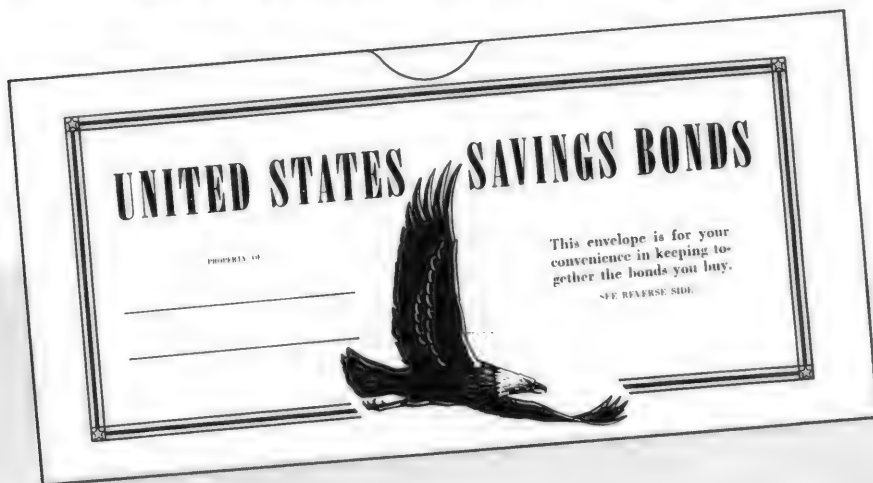
*The BANK is the  
Saver's Best Friend*

In each of the 12 ads in this brand-new savings series, an eye-catching silhouette illustration depicts achievement of the personal or family goal described in the headline above it; headline below illustration points out that "Saving, not wishing, can make it so!" The text in each ad stresses the importance of *regular saving—at the bank*; cordially invites readers to save at *your bank*. Inclusion of Peter Penny symbol and slogan makes this series part and parcel of the "Saver's Best Friend" savings promotion program—although that portion of the ads may be deleted by your newspaper, if such action is necessary for you to tie in with another slogan you may have previously adopted. Extra, 8" depth of these ads makes for extra impact. Write for broadside showing all 12 ads, giving full details (use key number below).

Savings Series #17-SA—12 ads, each 2 columns x 8", complete in mat form, ready for newspaper to add your bank's signature. (Ads are shown here in reduced size.)

# ADS and AIDS that sell SERVICES

## New A.B.A. Direct Advertising Material:



The A.B.A.'s ever-popular Savings Bond Envelope shown above is now available in a new size— $7\frac{3}{4}$ " x  $3\frac{3}{4}$ "—to fit the new-style IBM-card U. S. Savings Bonds. Your depositors will appreciate the convenience of this envelope, which will accommodate several Bonds and provides, on the back, spaces for listing them. Your bank signature will also appear on the back together with your choice of two advertising messages. Colors: Blue & red, on white.

Four-page folder at right, for use as statement or direct-mail enclosure and/or for lobby distribution, is designed to broaden public understanding of the advantages of your bank as a depository; hence to increase public confidence—and win you new depositors. Folder describes how good bank management, sound bank supervision, physical safeguards, and FDIC deposit insurance work together to safeguard your depositors' funds. Colors: Blue & Silver.



Samples of either or both of the items shown above—plus full details, including quantity prices, and convenient order forms—sent on request.

Scores of direct-mail folders and blotters are available on all current banking services, as well as trust services. For samples and details, simply write the A.B.A. Advertising Department, specifying subjects in which you are interested.

## SPECIAL PURPOSE PROMOTIONS

# BANKING FOR BUSY WOMEN

**A**N increasing number of St. Louis women have been opening savings accounts without leaving their kitchens, thanks to a successful small-space newspaper campaign conducted by First National Bank in St. Louis.

Early in 1957 the bank started a series of hard-sell 200-line ads on the women's pages of both local dailies, inviting homemakers and career girls to start savings accounts by 'phoning the bank or mailing a coupon.



Banking especially for women

In less time than a coffee break you can save-by-mail for next year's vacation at First National

Dial GARfield 1-2000 and ask to open your savings account. We'll mail you everything you need. Then make savings deposits the quick and easy way... by mail. We pay postage both ways for personal accounts. A little saved every payday means a wonderful vacation. Telephone or write to open your account today.



.....  
 First National Bank in St. Louis  
 St. Louis 1, Missouri  
 Please send me material to open my ☐ Savings Account ☐ Thrift-Check Account ☐ Regular Checking Account ☐ All Purpose Saving Account  
 Name .....  
 Address .....  
 City ..... Zone ..... State .....  
 Member Federal Deposit Insurance Corporation  
 .....

This is one of the hard-sell ads used by the First National Bank in St. Louis to invite women to open savings accounts by 'phone. The idea has been very successful

"The campaign, prepared for the bank by Gardner Advertising Company, was so successful in producing telephone and mail inquiries that it is being continued in 1958 with new photography which takes the latest feminine fashion trends into account and places even more emphasis on the importance of women as bank customers," says C. Arthur Hemminger, vice-president and public relations director.

"Dominating most of the ads are photographs of young homemakers in typical household situations—folding the laundry, in the kitchen, or on the way to do the family shopping.

### Spur-of-the-Moment Selling

"Several of the ads are built around office situations. One, for example, depicts a secretary opening a savings account during her coffee break.

"The tag-line, 'Banking Especially for Women,' runs across each ad with brief copy under the photo inviting readers to 'open an account by 'phone, save by mail.' Each ad is couponed.

"The women's page series is supported by distaff-oriented television commercials on the bank's morning radio and evening television news programs and is further helped along by a special mailing piece, 'Banking for Busy Women,' which embodies fashion art and headlines in feminine script. To give this publication an air of authority, it is printed on First National safety paper."

### 'Phone and Coupon Pull

Although telephone inquiries are running ahead of coupons, both are pulling well, Mr. Hemminger reports.

*Banking for  
Busy  
Women*



Here's the cover of the bank's special mailing piece for women. Printed on safety paper, it contains useful information on banking by mail, checking account do's and don'ts, how to reconcile a checking account, how to stop payment on a check, the advantages of having "money in the bank," how to bank by mail

"It's the opportunity to act immediately that makes this series different from most bank advertising," states William J. Rogers, vice-president of the agency. "The woman can read the ad, be convinced, pick up the 'phone and start an account right then. We know that if she doesn't act immediately, chances are her good intentions and her first deposit will have disappeared before she finds time to get to the bank."

The save-by-mail appeal gives First National—a large downtown bank—a chance to compete with suburban banks for the housewife's savings dollars.



## New Suspended Ceilings Bring Quiet Comfort and a Striking New Look to Banking Rooms

This is Striatone\* Tile, a decorative new Acousti-Celotex product that can be installed on one of many suspended ceiling systems developed by The Celotex Corporation and its acoustical distributors.

These suspension systems are ideal for modernizing old high-ceiling banking rooms. New lower ceilings are being engineered all over the country by Acousti-Celotex specialists, to modernize appearance and add the comfort and efficiency of sound conditioning at moderate cost. Lighting and air conditioning may be integrated, too.

For more information on these new suspended ceilings, just mail coupon below.

\* U. S. PAT. NOS. 2,218,992 & 2,710,335



**ACOUSTI-CELOTEX**  
REGISTERED U. S. PAT. OFF.  
*Sound Conditioning*

Products to Meet Every Sound Conditioning Problem... Every Building Code  
The Celotex Corporation, 120 S. La Salle St., Chicago 3, Illinois  
In Canada: Dominion Sound Equipments, Ltd., Montreal, Quebec

MAIL NOW FOR MORE INFORMATION!

The Celotex Corporation, Dept. CC-48  
120 S. La Salle St., Chicago 3, Illinois

Without cost or obligation, please send me your booklet, "Sound Conditioning in Banks," descriptive folder on suspended ceilings, and the name of my nearest Acousti-Celotex distributor.

Name \_\_\_\_\_ Title \_\_\_\_\_

Bank \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_



## TODAY...

Banks count on  
**SCHOOL THRIFT, Inc.**  
programs for a  
successful tomorrow

- New business stems from **SCHOOL THRIFT, Incorporated** savings programs.
- Banks say, "They're the best way to place your name in each home each week."
- Every year, higher percentages of "School savers" are becoming regular account holders in the sponsoring banks.

Write for information on how  
**SCHOOL THRIFT** programs can  
help your bank.

Attention: Mr. Alfred Bradley

**MAIN OFFICE** 326 South Broadway  
Yonkers, N. Y. **BRANCH** 137 Perkins Ave.  
Brockton, Mass.

**SCHOOL  
THRIFT**  
INCORPORATED

## Color Keyed ALUMINUM WRAPPED COIN BOXES



Designed to stack evenly, fit snugly atop each other. One-piece, clean, heavy duty fabrication. Each coin tray in its own **Bank Color**. Denomination and amount clearly etched on side of tray.

No.	Coin	Capacity	Color
2201	PENNIES	\$ 10.00	RED
2202	NICKELS	20.00	BLUE
2203	DIMES	100.00	GREEN
2204	QUARTERS	100.00	ORANGE
2205	HALVES	100.00	BUFF
2206	DOLLARS	100.00	GRAY

**BLOCK** and Co., Inc.  
350 West Ontario St., Chicago 10, Ill.

## BANK AND CASHIER EQUIPMENT

SHIP AND CHARGE TO OUR ACCOUNT  
ITEMS CHECKED ABOVE

Name \_\_\_\_\_  
Address \_\_\_\_\_  
By \_\_\_\_\_ AB4

## NORTH OF THE BORDER

# Canada's Political Programs

CHARLES M. SHORT

**T**HE political issues in the national election in Canada on March 31 are much like those current in the United States which may affect the Congressional elections next autumn. Thus the leaders of the four Canadian parties contesting for public favor in Canada have stressed the quite marked sag in the national economy, and particularly unemployment, which has already risen beyond a recession level.

The new Liberal leader, Lester Pearson (one-time Canadian Ambassador at Washington and later Minister for External Affairs in the last Liberal administration, which went out of power in June 1957) does not blame the Progressive-Conservative Government for all of Canada's recent economic troubles, but he does charge this Government with ineffectual measures to overcome these difficulties. He has produced an omnibus crash program, proposing a cut in income taxes of \$400,000,000, with an average personal income tax reduction of 25%; a doubling of tax exemption for newly married people; university scholarship assistance for 40,000 students; and higher farm price supports. John Diefenbaker, leading the Progressive-Conservatives who seek a working majority which they did not have during their nine months in power, has derided this Liberal manifesto by pointing out that the former Liberal administration was warned over a year ago by some of its economic experts of a recession, but took no steps then to counteract it.

Mr. Diefenbaker has reminded his large audiences across Canada that his Government had cut personal income taxes to some extent; improved social security benefits by raising old age pensions and lengthening the period for unemployment payments; encouraged house building by providing new credits of \$300,000,000; and established a system to insure better prices for farm products. The Progressive-Conservatives might also claim to have eased credit restrictions generally, and

quite recently to have removed entirely those imposed on private finance companies, as well as to have raised the limits on bank term loans—those of more than one year's duration.

## American Trade

On American-Canadian trade policies, Mr. Pearson has voiced the opinion that these could be improved upon under his direction, taking the view that efforts should be made to expand trade between the United States and Canada rather than by switching part of Canada's imports from her southern neighbor to Britain, as has been advocated by Mr. Diefenbaker. At the same time Mr. Pearson has said, in direct contradiction of his general views in this respect, that, unless the United States removes its restrictions on imports of Western Canada oil, he would favor similar restrictions on American oil, however uneconomic such retaliatory action might be. It should be noted that Canada now imports only a very small proportion of its foreign crude oil requirements for eastern Canada from the United States, most of these being met by Venezuela and the Middle East.

## Possibilities

If the Progressive-Conservatives obtain an over-all majority against the three other parties—Liberal, Socialist, and Social Credit (the two last-mentioned are splinter parties and strong only in some western provinces)—they will press forward with a public works and national development program, initiated by Mr. Diefenbaker some months ago, providing for expenditures of more than \$1-billion and for about 250,000 jobs for workless people. This program, if put into full effect this year, would open up some large undeveloped natural resources in northern Canada and take up most of the slack in projected new private capital investment. It would also provide new Canadian markets for American materials and equipment.

Financial Institutions are the saver's best friend...



## Christmas Club is the easiest way to save

Christmas Club members are good potential friends and customers of financial institutions.

Nearly one half of all Christmas Club members are between the ages of 25 and 44. This means growing families who need savings programs.

They are your best market—today and tomorrow.

Christmas Club brings them through your doors every week.

Why not have a staff member of Christmas Club A Corporation give you the whole story? No obligation of course.



**Christmas Club**  
a Corporation

Founded by Herbert F. Rawll

230 Park Avenue, New York 17, N. Y.

BUILDS CHARACTER, BUILDS SAVINGS, BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS.



# My Love Affair with the Bank

DENNIS BRAITHWAITE

*When this pleasant essay appeared in The Royal Bank Magazine, the editors wrote:*

*"Whenever newspaper columnists run low on subjects to write about, they always seem to pick on banks. Fortunately most of them love us, as witness this recent effort in the Toronto Star. Our thanks to the paper and to Mr. Braithwaite for permission to reproduce it."*

*Now BANKING expresses its appreciation to both the magazine and the newspaper for their permission to use both the article and the original drawing in these pages.*

ON days when we feel lonely and un-loved we fight our way out of the stream of humanity and slip into our bank. Once inside the revolving door we are instantly comforted, for our bank is never too tired or too busy to hold our hand and stroke our brow.

Standing at the marble counter, a pad of deposit slips in our hand, we have a warm feeling of belonging. Our bank isn't choosy or stuck up. It believes, as the president stated in his last annual report, that our money is as good as anybody's.

As we press the blotter with our fist, the hum of giant accounting machines assails us like the muted

beat of bongo drums. A vein in our temple pulses, and as we inhale the mingled odors of canceled cheques, wet mackintoshes and Tabu we yield to a sort of fiscal ecstasy.

BANKS haven't always affected us this way. We could take them or leave them back in the days when we used to get our paper route money changed into bills on Saturday mornings. In those days the teller's cage was like a fort. You had to have small wrists to get your money from under the grille. And you knew the teller cradled a sawed-off shotgun between his knees. We used to consider ourself lucky to get out of the place without tripping an alarm bell.

But these quaint security measures have vanished from banking. Our bank, which is probably as full of money as any in town, is designed for family living, like a ranch-style bungalow, and seems to operate without any armaments.

The saturnine tellers of another day are gone, shoulder holsters and all. In their place you will find ravishing young women whose counting house smocks barely conceal their Dior gowns and who affect lilac eyeshadow and earrings made of hammered brass.

These exciting creatures smile

impishly as they enter our debits and credits and the gold stars we get for keeping a neat pass book. On days when we forget to bring our book they proffer our ledger cards in a swift, graceful gesture so that we can see our balance but the man behind us in line can't, no matter how hard he cranes his neck.

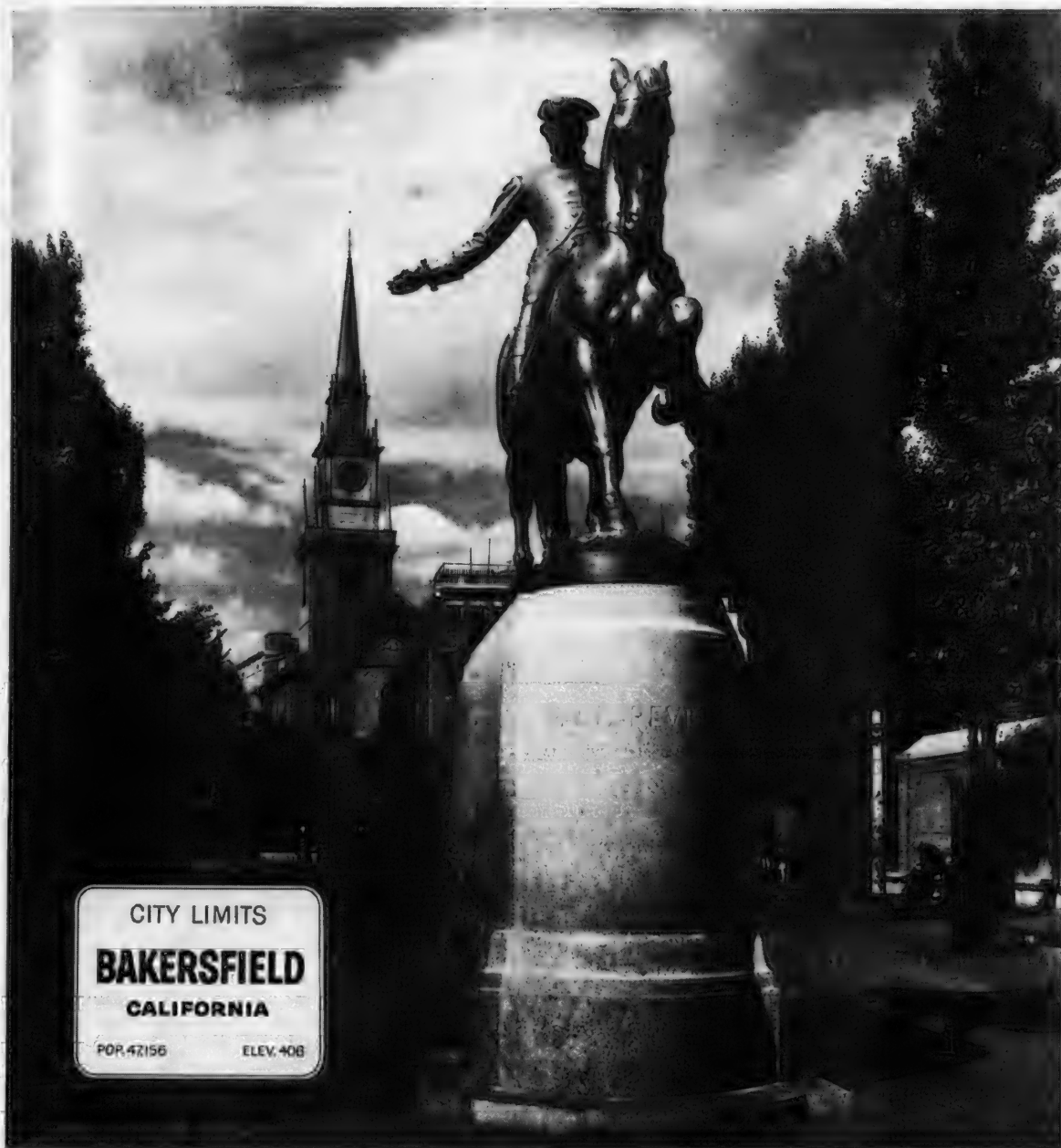
THE chief teller at our bank is a statuesque mother of three who holds a charm school diploma in addition to her degrees in accounting and applied psychology. With her any kind of pretence would be unthinkable for she knows all there is to know about us.

But she is tolerant of our frailties and even followed the negotiations that preceded our purchase of a house with forbearance. She has watched our balance rise and fall like a fever chart and through our cheques to auto dealers has noted our advance from used to new cars, then back to used ones.

Only once has she had to punish us for bad business practice. That time she made us stay in after banking hours and write on the blackboard 100 times: "I will never pay a bookie by cheque again."

We knew it was for our own good. That's the kind of thing we expect from our bank.





## If BAKERSFIELD moved to BOSTON...

... Boston transit items on Bakersfield still couldn't move much faster than they do right now via Bank of America!

Wherever you are, Bank of America can save you days in California routing. Send cash letters direct to any one of the more than 600 branches in our statewide network, and have your account

credited the day they are received. Rejected items, returned direct, reach you without delay.

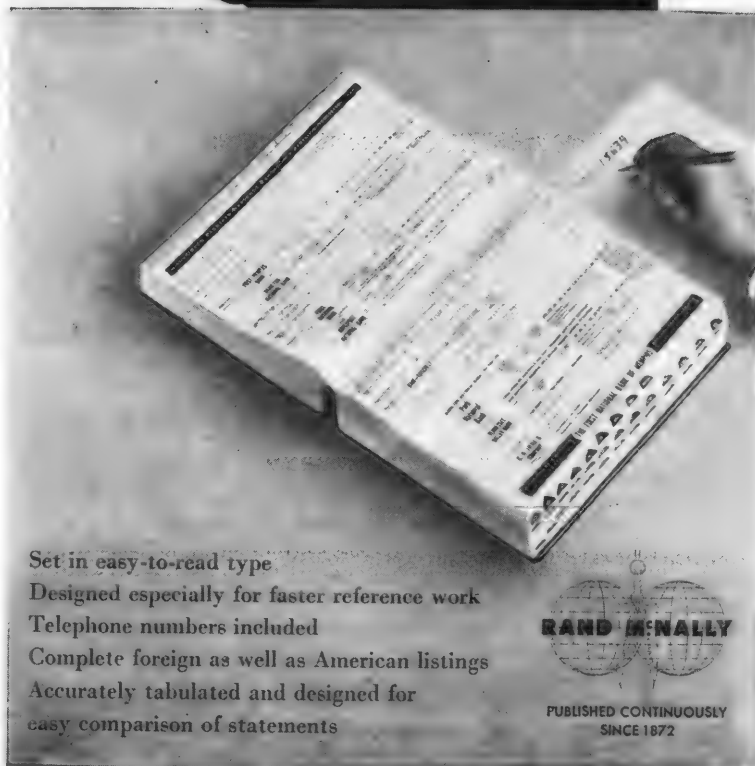
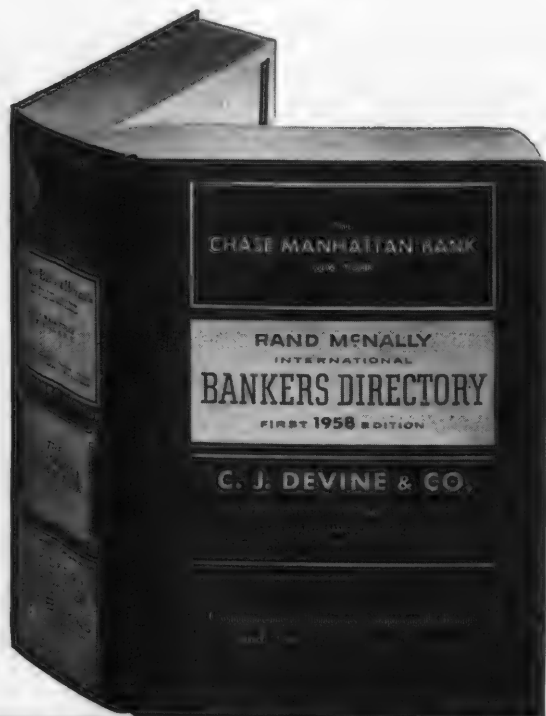
For complete information about this unique correspondent service, write: Corporation and Bank Relations Department, Bank of America, 300 Montgomery Street, San Francisco, or 660 South Spring Street, Los Angeles.

*The bank that brings California closer to you...* **Bank of America**

NATIONAL TRUST AND SAVINGS ASSOCIATION

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# The new Rand McNally International Bankers Directory for 1958



Set in easy-to-read type  
Designed especially for faster reference work  
Telephone numbers included  
Complete foreign as well as American listings  
Accurately tabulated and designed for  
easy comparison of statements

**RAND McNALLY**  
PUBLISHED CONTINUOUSLY  
SINCE 1872

## Staff Learns Farm Terms

To help its staff brush up on its farm terms, the Personnel Relations Department of the Staff Training Section of the Bank of America has published a 20-page *Glossary of Farm Terms*.

Terms and their definitions included these:

**"Apiary:** Colonies of bees in hives and other bee-keeping equipment in a location for the production of honey; package bees or queen bees.

**"Bare-backs:** Chickens not fully feathered, especially on backs.

**"Breachy:** Said of any animal that makes breaches or breaks in a fence by pushing against it.

**"Canner:** Animal too thin for beef trade, but suitable for canning purposes.

**"Cat Skinner:** Supposedly an experienced tractor operator.

**"Creep Feeder:** A feeding pen built so that calves or lambs can get through the entrance, but larger animals can't get in to crowd the young animals away from the feed.

**"Defoliate:** To strip off leaves, often accomplished by spraying plants with a chemical to facilitate harvesting.

**"End-gate Seeder:** A small machine which is fastened on the end-gate of a wagon to broadcast seed.

**"Friable:** Adjective used with soil to describe that which crumbles easily.

**"Heaving:** The lifting of plants and soil by freezing.

**"Leaching:** Loss of plant food by draining of water through porous soil.

**"Middle Buster:** A plow designed to throw soil both to left and right at the same time.

**"Scarified Seed:** Hard seed that has been treated so that it germinates more quickly—as sweet clover.

**"Trap Nest:** A nest made like a box to trap a hen so as to check the number of eggs laid during the year."

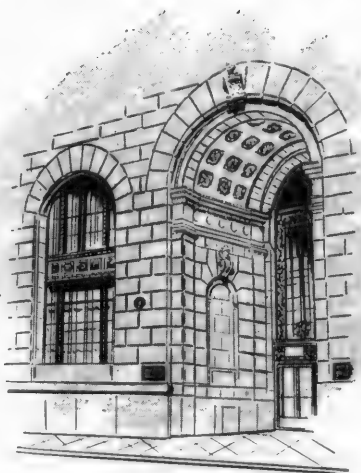
*A lot of time could be saved if salary checks were sent directly by the employer to the instalment people.*

*"We are highly pleased with the performance  
of these Splendid Machines"*

Statement by The National Bank of Commerce in New Orleans.



Interior view of The National Bank of Commerce in New Orleans  
showing a few of their Model 250 Brandt Automatic Cashiers.



Like most banks throughout the country, large and small, The National Bank of Commerce in New Orleans, New Orleans, Louisiana depends upon Brandt Automatic Cashiers for speed and accuracy in coin payments. More than 50 of these machines are in use by this bank.

Brandts can be relied upon for absolute accuracy because of their sturdy, precision construction.

The Brandt Automatic Cashier Company has produced superior coin handling machines since the year 1890.

## **BRANDT AUTOMATIC CASHIER COMPANY**

**WATERTOWN**

*Established 1890*

**WISCONSIN**

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office



Meeting of the A.B.A. Country Bank Operations Commission in Destin, Fla. Seated, left to right, L. G. Sadler, president, Citizens Bank, Cookeville, Tenn.; J. V. Johnson, president, Johnson County Bank, Tecumseh, Nebr.; C. A. Beaujon, Jr., president, Canaan (Conn.) National Bank; G. R. Amy, A.B.A. deputy manager in charge of Commission; L. M. Schwartz, president, Citizens State Bank, Paola, Kans., chairman; G. E. Parker, executive vice-president, Peoples Bank, Hazard, Ky.; D. A. Fuller, president, Citizens National Bank, Wellsville, N. Y.; and John Carlander, president, State Bank of Faribault, Minn. Standing, left to right, L. G. Harmon, president, First National Bank, Riverton, Wyo.; C. E. Betts, Jr., Commission secretary; R. B. Will, president, Vinton County National Bank, McArthur, Ohio; K. G. Braley, president, Farmers Exchange Bank, Cherokee, Okla.; C. B. McLeod, president, Bank of Crestview, Fla.; T. G. Wilson, president, First State Bank, Conway, Ark.; M. C. Miller, A.B.A. deputy manager in charge of Bank Management Commission; and E. C. Zorn, A.B.A. deputy manager in charge of Research Council

## News for Country Bankers

### Country Bank Operations Commission's Current Projects

A NUMBER of projects designed to provide management tools for improving the operations in smaller banks, thus enabling them to give better service to their communities, were reviewed at the recent annual meeting of the Country Bank Operations Commission of the American Bankers Association. L. M. Schwartz, president of the Citizens State Bank, Paola, Kans., and Commission chairman, presided at the sessions.

These enterprises received attention during a 2-day meeting in Destin, Fla.:

*Do's and Don'ts for Bank Bookkeepers and Proof Clerks*, now nearing completion, will be a handy reference guide and training aid. In general, it will follow the style used in the Commission's study, *Do's and Don'ts for Bank Tellers*, of which nearly 70,000 copies are in use.

The Commission is cooperating with the Association's Committee on Employee Training in developing a series of five training guides for management of smaller banks. The

first in the series, *How to Welcome a New Bank Employee*, was distributed to member banks in 1957. The second in the series, *How to Train a Bank Employee*, is now being printed. The third booklet, *How to Train a Bank Bookkeeper*, is in the first draft stage. Other booklets in the series will provide for training tellers and proof clerks.

During the past year the Commission, in cooperation with several state bankers associations, analyzed the savings departments of over 1,000 smaller commercial banks. It will continue to make these analyses for state associations which request them.

The Commission has made over 7,000 individual cost analyses of smaller commercial banks by employing the procedure outlined in *Simplified Cost Analysis for Smaller Nondepartmentalized Banks*. Since

developing this method, the average time elements have changed considerably. This, in turn, has necessitated a review of the time elements (now being made) with the objective of making revisions.

Another phase of the Commission's cost activities is that of making complete individual cost analyses on statewide bases in cooperation with state bankers associations. This service is available upon request to the Commission.

The Commission will cooperate with the A.B.A. Research Council in conducting an introductory study in market research for smaller banks. While this first study will be basic in nature, it is possible that future studies will concentrate on specific market research areas.

### Mellon's Scholarship Plan

THE Mellon Farm and Home Scholarship program for outstanding members of Butler County, Pa., farm youth organizations has been conducted by the Butler office of the Mellon National Bank and Trust

*This department is edited by MARY B. LEACH of BANKING's staff.*



Company since 1952. The groups included are 4-H Club, agricultural and home economics; Future Farmers of America; and Future Homemakers of America.

Two awards are made annually to each group—a \$125 scholarship and a \$50 savings account for first and second place winners. Awards are based on a complete resume of each entrant's farm, school, and outside activities. Personal interviews may also be held with applicants.

Scholarship Supervisor W. E. Foster reports that the bank has "found this activity to be quite effective as a community relations project. The program not only encourages the advancement of the education of our local farm youth, but results in very favorable public relations for the bank."

## NYSBA Host to FFA Leaders

THE New York State Bankers Association was host recently to seven national officers of the Future Farmers of America, representing some 300,000 farm boys and girls who are studying vocational agriculture in 9,000 high schools across the nation.

The FFA leaders were in New York as part of a nationwide tour, during which they visited many of the nation's industrial corporations.

While in New York, the FFA leaders toured the Federal Reserve Bank of New York and were luncheon guests of the Fed, the New York Stock Exchange, and several industrial concerns.

The New York commercial banks annually award scholarships to FFA members, have sponsored dinners, picnics, trips, prizes, and similar functions in the promotion of agriculture.

The banker reception committee included Ralph L. Higley, chairman, First National Bank & Trust Co., Walton, and chairman, NYSBA's Committee on Agriculture.

## Fla. Bank Is Host to FFA

FOR the third year the facilities of the First National Bank of Tampa were available for the annual meeting of the executive committee of the Florida Future Farmers of America.

W. Howard Franklin, First National's president, and Robert N. Morris, agricultural representative,

## Agriculturally Trained Men

NUMEROUS inquiries from agriculturally trained men desiring to become connected with the banking system have been received by the A.B.A. Agricultural Commission.

The number of such men in banks today is indicative of the interest that bankers have in the development of agriculture and farm credit in their areas.

Bankers interested in employing such a person should contact the Commission. It will be pleased to furnish such biographical material as has been received.

Address inquiries to Agricultural Commission, American Bankers Association, 12 E. 36th Street, New York 16, N. Y.

entertained the state FFA officers, their advisors, and some of their strong supporters at lunch prior to the meeting.

First National works closely with farm youth groups. The experience of Mr. Morris in general farming, pasture improvement, and insect and disease control is available to farm youth groups and other farmers.

## 4-H-FFA Loan Program

TWENTY-FIVE boys and girls are being financed this year under the 4-H Club and FFA financing program of The Citizens National Bank of Gonzales, Texas. According to Vice-president George V. Holmes, this program has been conducted for 20 years without a single loss.

When the bank receives a loan request, it is cleared through the local vocational teacher or county agent.

W. Howard Franklin, president, First National Bank of Tampa, entertains FFA leaders at luncheon. Left to right, Donald Smith, fourth vice-president, Florida FFA; E. H. Nelson, Mid-State Steel & Wire Co.; Lloyd Dubroff, president, Florida FFA; Mr. Franklin; H. E. Wood, state director of Vocational Agriculture; and F. L. Northrup, district supervisor of Vocational Agriculture



After approval, the bank finances all or part of the purchase price of livestock, plus the feed, depending upon the experience of applicants in satisfactorily completing former projects.

A chattel mortgage is taken on the livestock, and, although the account is opened in the name of the applicant, the note is signed by him and his father.

## Ohio Record Keeper Awards

THE Ohio Bankers Association sponsors an annual statewide contest for the best record keeper among the Future Farmers of America. This is how it operates:

Contests are held in the local chapters for the best records submitted and each chapter winner receives a \$10 savings account award from a local bank. District contests are then held in the nine bank groups comprising the Ohio Bankers Association. First, second, and third prizes of \$50, \$25, and \$10 are given by the banks to the three top winners in the respective groups. These awards are in the form of savings accounts opened in the names of the winners.

The nine first prize winners are then judged at the state level by specialists from the staff of the College of Agriculture, Ohio State University. The winner in this judging is awarded an all-expense trip for himself, his vocational agricultural teacher, and two of his classmates to the annual FFA convention in Kansas City the following fall. This award, made by the OHA Agricultural Committee, amounts to the equivalent of \$150.

## Gifts to 4-H Foundation

OVER 2,000 donors to the National 4-H Club Foundation in 1957 contributed about \$500,000. Industry has contributed more than \$3,000,000 to the Foundation during its 10-year lifetime. These sums are in addition to contributions from local sources in the states.

These gifts enable the Foundation to carry out its program, which includes International Farm Youth Exchange, development of National 4-H Center in Chevy Chase, Md.

Jesse W. Tapp, chairman, Bank of America, Los Angeles, and chairman, A.B.A.'s Economic Policy Commission, represents the banks.

## "Farming for Profit"...unique service to your customers

Doane monthly reports help bankers serve farmers through last-minute analysis of price trends and latest practices to cut costs, boost income.

More and more bankers serving farmers are using "Farming for Profit" as the nucleus of a service-type public relations program to build bank business, as well as a sounder agriculture in their area.

This terse, authoritative, easy-to-read bulletin compresses the thinking of some of our best-informed agricultural brains into money-making, money-saving capsules of information.

The St. Cloud National Bank, St. Cloud, Minnesota, has been mailing 500 copies of "Farming for Profit" to farm customers and friends since November, 1954. Mr. D. J. Fouquette, President, and Tom Varner, Farm Representative, remark: "It's a service our customers benefit from having and reading."

Ralph Busse tells Tom Varner, "I especially like the outlook material in 'Farming for Profit.' It's highly accurate and gives us something to go by in buying and selling."



RALPH BUSSE (left) TOM VARNER (right), Farm Rep.

Ed Neeser says, "I appreciate you sending me 'Farming for Profit' each month, Tom. It's one of the first pieces of mail I read."

Carl Backes remarks, "Yes, Tom, I like 'Farming for Profit.' Farmers these days, more than ever before, need to keep up-to-date. 'Farming for Profit' covers information not easily available other places."

**Write today, and see how little it costs to identify your bank with this unique service to farm customers.**

"Farming for Profit" is edited by Doane Agricultural Service, Inc., St. Louis 8, Missouri . . . the oldest and largest organization in the United States engaged in Farm Management and Agricultural Research.

**DOANE**

AGRICULTURAL SERVICE, INC.

5142 DELMAR BLVD.

• ST. LOUIS 8, MO

## Junior Employee Conference

THE ninth annual Junior Employees' Conference held at the School of Business Administration of the University of South Dakota and sponsored by the South Dakota Bankers Association will be held July 15-18, 1958.

The purpose of the school is to give a background of banking to new bookkeepers, tellers, and other junior employees of member banks. A 2-year course is offered and each year the curriculum varies. In 1957 the courses included banking law, human, public, and job relations, bookkeeping systems, financial statements, bank examinations, trusts, and audits.

Executive Vice-president Carl E. Bahmeier, Jr., reports that the bank has "had excellent results from this program and we feel it is most worth while."

## Recent Publications

IN its study, *Toward a Realistic Farm Program*, the Committee for Economic Development\* recommends—

(1) A 3-part program to bring agricultural production and supply into balance with demand by (a) gradual removal of farm price and income supports except for temporary emergency situations; (b) a land retirement program designed to reduce the resources devoted to agriculture, including both people and land, so that farmers may share equitably in the national prosperity and economic growth, at free market prices, and (c) disposal of Government surpluses.

(2) Removal of acreage allotments and marketing controls and restoration of the farmer's freedom to manage his own enterprise.

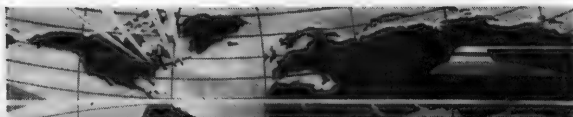
(3) Retention of stand-by authority for the temporary use of price support loans based on expected, normal market prices, so as to shield the farmer from conditions beyond his control.

(4) Special programs to assist the farmer who cannot make a reasonable living from farming without public subsidy to find a better livelihood in other industries.

\* 711 Fifth Avenue  
New York 22, N. Y.

(CONTINUED ON PAGE 84)

# ALLIS-CHALMERS



ALLIS-CHALMERS INTERNATIONAL



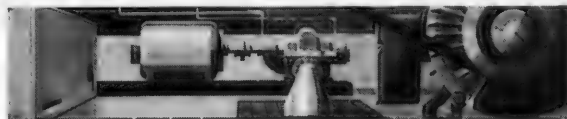
POWER EQUIPMENT DIVISION

INDUSTRIAL EQUIPMENT DIVISION



ENGINE-MATERIAL HANDLING DIVISION

FARM EQUIPMENT DIVISION



GENERAL PRODUCTS DIVISION

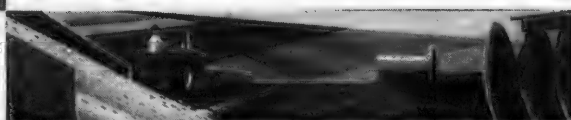


NUCLEAR POWER DIVISION

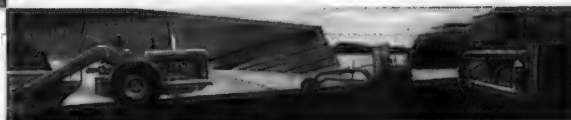


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the basic



industries



CONSTRUCTION MACHINERY DIVISION

## MANUFACTURING PLANTS

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Boston, Massachusetts	Springfield, Illinois
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Harvey, Illinois	Essendine, England
Independence, Missouri	Lachine, Quebec, Canada
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Norwood, Ohio	Ontario, Canada
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Milwaukee 1, Wis.

## ALLIS-CHALMERS HIGHLIGHTS

	1957	1956
Sales and Other Income.....	\$537,191,443	\$551,592,589
All Taxes.....	28,489,381	33,822,287
Earnings.....	17,819,251	20,355,045
Earnings per Share of Common Stock.....	2.11	2.42
Dividends Paid per Share of Common Stock....	2.00	2.00
Shares Outstanding		
Preferred stock.....	103,635	122,899
Common stock.....	8,214,281	8,141,435
Dividends Paid		
Preferred stock.....	465,598	635,857
Common stock.....	16,374,763	16,044,658
Share Owners' Investment in the Business		
Preferred stock.....	10,363,500	12,289,900
Common stock.....	162,055,251	159,852,403
Earnings retained.....	125,108,613	124,129,723
Total share owners' investment.....	297,527,364	296,272,026
Book Value per Share of Common Stock.....	34.96	34.88
Working Capital.....	257,661,251	267,495,462
Ratio of Current Assets to Current Liabilities....	4.07 to 1	3.13 to 1
Number of Share Owners		
Preferred stock.....	655	699
Common stock.....	56,071	47,449
Employees		
Number of employees.....	35,799	38,803
Payrolls.....	187,590,363	194,140,323

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## BANKING'S NEWSLETTER

(Regularly \$3.50 a Year)

BANKING'S NEWSLETTER

12 East 36th Street, New York 16, N. Y.

(CONTINUED FROM PAGE 82)

(5) An advisory agricultural board, responsible to Congress, to work with the Secretary of Agriculture in applying farm policy.

\* \* \* \* \*

THE productivity of the land in creating wealth is the dominant theme of Roy A. Foulke's *Land in Our National Economy*. Mr. Foulke, vice-president of Dun & Bradstreet, offers a study of the economic and social significance of the land as a concept in man's growth and survival.

*Land in Our National Economy* is the introductory text to Mr. Foulke's annual edition of the *Fourteen Important Ratios* covering 72 lines of business activity in manufacturing, wholesaling, and retailing.

\* \* \* \* \*

AGRICULTURAL surplus disposal programs are multi-billion dollar schemes which do not solve the farm problem and all too often alienate friends abroad, according to Raymond F. Mikesell, University of Oregon economist who has held several key Federal positions. Professor Mikesell discusses the Government's surplus disposal program in *Agricul-*

*tural Surpluses and Export Policy*, recently released by the American Enterprise Association, 1012 14th Street, N.W., Washington, D. C.

\* \* \* \* \*

THE most recent addition to The Canadian Bank of Commerce's cartoon booklet series dealing with agriculture is "Pigs and Profits—Hog Management." This is the thirteenth booklet in this series.

## Educate Migrating Families

THE agricultural committee of the National Planning Association sees dangers in the migration of farm families to urban communities in search of more lucrative employment. To prepare these people for such moves, the committee makes these recommendations:

(1) Make available training in nonfarm skills and counsel on city occupations to young people in high schools in rural areas.

(2) Provide free training in non-farm jobs for farm adults who want to leave agriculture. Younger men and women will be most eager for this, but special efforts should be made to assist middle-aged folks too.

## Keeping Agriculture on Sound Financial Basis Was Keynote of A.B.A. Agricultural Commission Meeting

DISCUSSIONS at the joint meeting of the Agricultural Commission and Subcommittee on Agricultural Credit of the Committee on Federal Legislation, American Bankers Association, in San Antonio, Texas, last month included several impor-

tant banking policies and procedures having a direct bearing on maintaining the nation's agriculture on a sound financial basis, legislation affecting farm credit, and many different aspects of outside-the-bank

(CONTINUED ON PAGE 132)

A.B.A. Subcommittee on Agricultural Credit meeting in San Antonio. Seated, left to right, Messrs. Breeze, Stebbins, and Woody. Standing, left to right, Messrs. Schaller, Sykes, Evans, Kotouc, and Axton







# The First National Bank of Chicago

Statement of Condition March 4, 1958

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Standard Oil Company (Indiana)

ROBERT E. WOOD

Director,  
Sears, Roebuck and Co.

## ASSETS

Cash and Due from Banks . . . . .	\$ 580,653,859.71
United States Government Obligations . . . . .	694,838,824.02
Other Bonds and Securities . . . . .	146,224,834.21
Loans and Discounts . . . . .	1,418,274,321.56
Real Estate (Bank Buildings and Adjacent Property) . . . . .	1,345,874.47
Federal Reserve Bank Stock . . . . .	6,900,000.00
Customers' Liability Account of Acceptances . . . . .	2,572,183.91
Interest Earned, not Collected . . . . .	9,004,851.97
Other Assets . . . . .	10,031,708.67
	<u>\$2,869,846,458.52</u>

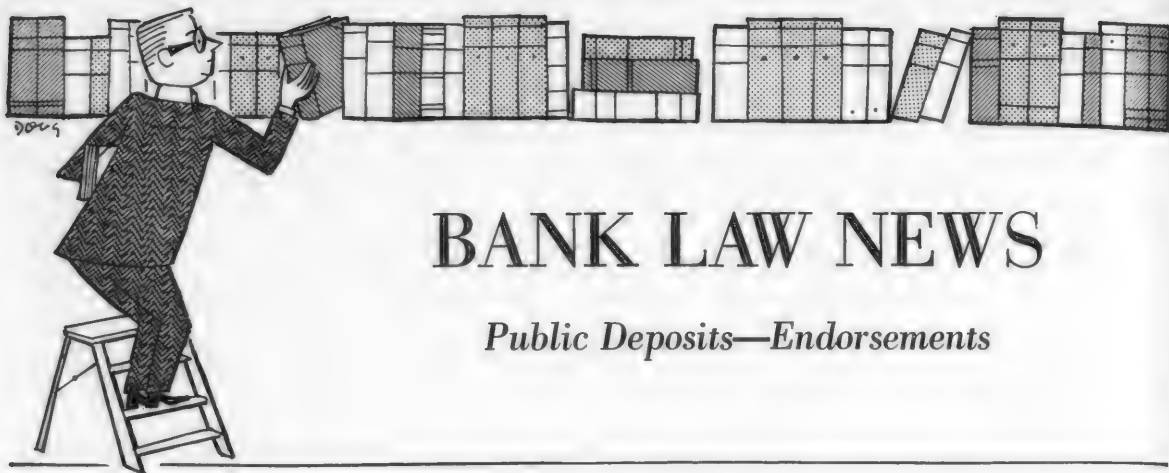
## LIABILITIES

Capital Stock . . . . .	\$ 100,000,000.00
Surplus . . . . .	130,000,000.00
Undivided Profits . . . . .	13,081,392.20
Discount Collected, but not Earned . . . . .	5,789,046.79
Dividends Declared, but Unpaid . . . . .	4,000,000.00
Reserve for Taxes, etc. . . . .	42,036,917.84
Bills Payable . . . . .	75,000,000.00
Liability Account of Acceptances . . . . .	2,576,390.16
Time Deposits . . . . .	\$ 554,290,837.98
Demand Deposits . . . . .	1,731,871,573.84
Deposits of Public Funds . . . . .	197,152,553.53
Liabilities other than those above stated . . . . .	9,047,746.18
	<u>\$2,869,846,458.52</u>

United States Government obligations and other securities carried at \$266,333,153.71 are pledged to secure United States Government and other public deposits, trust deposits, and for other purposes as required or permitted by law.

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# BANK LAW NEWS

## *Public Deposits—Endorsements*

### **PUBLIC DEPOSITS**

#### **Arizona public deposits statute held constitutional.**

**A**N unsuccessful attempt was recently made to have the Arizona deposit of public monies statute, Rev. Stat. Ann. (1956) §§ 35-321 to 35-325.20, declared unconstitutional.

The statute provides for the deposit of "active" and "inactive" public funds of the state or any political subdivision thereof in a qualified depository. It was amended by Laws of 1956, Chapter 119, so as to permit the payment of interest on inactive deposits.

As amended, the act provides that inactive deposits shall be evidenced by certificates of deposit maturing six months from issue.

No fixed rate of interest is provided. However, interest is to be determined according to a formula set up by the statute.

It is also provided that each certificate is payable before maturity on 30 days' written notice.

It was contended that the provisions of the act were in conflict with Article 9, §7, of the Arizona State Constitution, which prohibits the state, or any of its political subdivisions, from giving or lending its credit to any individual, association, or corporation.

The theory advanced was that in a "strict legal sense a deposit of public funds for a fixed period of time constitutes a loan and indirectly aids and benefits the depository."

The court rejected this contention and upheld the constitutionality of the statute. It noted that the language of the constitutional provision must be "understood in its natural,

ordinary, general and popular sense."

The principal objective of the statute was to obtain payment of interest on some public funds. That the deposits might benefit a depository was admitted; but this was not the primary object of the deposit.

The active funds on deposit were subject to withdrawal on demand. The inactive funds were payable in six months or sooner upon 30 days' notice; they were also subject to immediate withdrawal in case of emergency as provided under Federal Reserve Board Regulation Q, §4(d).

Therefore, the deposit of public monies under the statute in question was not a "transaction prohibited by the extension of credit inhibition" of the constitutional provision. *Valley National Bank of Phoenix v. First National Bank of Holbrook (Ariz.)* 320 Pac. (2d) 689.

### **ENDORSEMENTS**

#### **Liability of general endorser.**

**A** GENERAL endorser of a negotiable instrument impliedly warrants that it is genuine, that he has good title, that all prior parties had capacity to contract, that the instrument was valid when endorsed, and that he will pay if it is dishonored and the necessary steps to charge him as endorser are taken.

This liability may be qualified as between the parties by a clearly defined contemporaneous agreement.

The Supreme Court of Iowa, in a case of first impression in that state, recently held that the liability of a general endorser was not qualified where the language of a contemporaneous agreement attached to the

instrument did not clearly refute the liability assumed by the endorsement.

The plaintiff auto dealer had transferred to defendant bank a note, attached to a conditional sales contract, both executed by the purchaser of an automobile. The note had been endorsed generally by the dealer, payable to the order of the bank.

The conditional sales contract contained a printed assignment and warranty, executed by the dealer. It recited that the note was genuine, that the statements of the transactions were correct, that the property described was free of liens, that the dealer had good title to the property, that the purchaser's statements were true to the best of the dealer's knowledge, that all parties had the capacity to contract, and that the dealer agreed that if any of "these warranties" was breached, it would, upon demand, buy the contract and note from the bank and pay the amount due.

The purchaser defaulted in his payments and the bank debited the dealer's account for the amount due.

The dealer sought to recover the amount of the debit, contending that the language of the assignment and warranty qualified its implied liability as a general endorser so that it was only liable for breach of warranties recited. Since it was admitted that none of these warranties had been breached, the dealer maintained that the bank had no right to debit its account.

The court concluded that the language of the warranty "was not sufficient to qualify the implied promise to pay off the general or  
(CONTINUED ON PAGE 88)

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## Fifty-Seventh Annual Statement

December 31, 1957

### ASSETS

United States Government Bonds . . .	\$ 55,300,033
All Other Bonds . . . . .	27,561,605
Preferred and Guaranteed Stocks . . .	5,606,935
Common Stocks . . . . .	46,427,010
Stock of Vigilant Insurance Company . .	12,473,971
Stock of Colonial Life Insurance Co. . .	4,527,084
Cash . . . . .	9,628,828
Premiums not over 90 days due . . .	4,061,783
Other Assets . . . . .	3,878,715
<b>TOTAL ADMITTED ASSETS . . . . .</b>	<b>\$169,465,964</b>

### LIABILITIES AND SURPLUS TO POLICYHOLDERS

Unearned Premiums . . . . .	\$ 41,418,483
Outstanding Losses and Claims . . .	26,600,686
Dividends Payable . . . . .	1,235,166
Taxes and Expenses . . . . .	3,947,315
Funds Held Under Reinsurance Treaties .	3,524,744
Non-Admitted Reinsurance . . . . .	5,011,442
<b>TOTAL LIABILITIES . . . . .</b>	<b>81,737,836</b>
Capital Stock . . . . .	12,351,664
Surplus . . . . .	47,766,738
Unrealized Appreciation of Investments .	27,609,726
<b>SURPLUS TO POLICYHOLDERS . . . . .</b>	<b>87,728,128</b>
<b>TOTAL . . . . .</b>	<b>\$169,465,964</b>

Investments valued at \$6,899,359 are deposited with government authorities as required by law.

## FEDERAL INSURANCE COMPANY



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(CONTINUED FROM PAGE 86)

regular endorsement on the note."

The warranty agreement did not state that the dealer was only to be liable in the event that the recited warranties were breached. In fact, pointed out the court, warranties were made in addition to those generally undertaken by a regular endorser. *Allison Ford Sales v. Farmers State Bank (Iowa) 86 N.W. (2d) 896.*

### MILITARY BANKING FACILITY

**Military banking facility established by Texas national bank is not branch bank.**

THE United States District Court for Texas recently ruled that, although a military banking facility is not a branch bank within the prohibition of the Texas statute forbidding branch banks, yet it is a bank for purposes of sustaining an indictment, under Federal statutes, for conspiracy to rob a bank.

The defendant was indicted, under Title 18 U.S.C., §§371 and 2113(a), for conspiracy to rob an Air Force base facility of a national bank located in Texas.

Section 371 provides that it is a crime to conspire to commit any offense against the United States or any agency thereof. To rob a bank is made a crime by §2113(a).

The defendant moved to dismiss the indictment on the ground that the base facility was not a bank and could not be one because Texas Rev. Civ. Stat. Anno. (1957 Supp.) Art. 342-903 prohibits branch banking.

The court sustained the indictment. It noted that under the Texas Banking Code, Art. 342-701, a bank is defined as any "person, firm or corporation engaged in the business of receiving and paying deposits."

Since the base facility accepted deposits, cashed checks, and provided paying and receiving facilities for base personnel and civilian employees, it was clearly a bank within the definition of the Texas statute.

The provisions of the Texas statute prohibiting branch banks did not apply. The court said that the base facility "is not, and does not purport to be, a branch bank . . . It is an arm and agency of the Federal Government . . . established by the . . . bank under its designation as



financial agent of the Government." United States v. Papworth (U. S. Dist. Ct., Tex.) 156 Fed. Supp. 842.

## BRIEF NOTES ON OTHER CASES

**Acceptance.** Drawee bank which fails to return, within 24-hour statutory period, demand draft presented for payment, is deemed to have accepted draft and is liable to drawer for its amount. Tyler Bank & Trust Company v. Saunders (Tex. Civ. App.) 308 S.W. (2d) 90.

**Stopping payment.** Bank, which has issued cashier's check to payee in exchange for third party's worthless check, may stop payment and cashier's check is unenforceable by payee because of lack of consideration. Dakota Transfer & Storage Company, v. Merchants National Bank & Trust Company (N.Dak.) 86 N.W. (2d) 639.

# LAW DAY U.S.A.

A proclamation of the President of the United States calls upon the people of our nation to mark LAW DAY U.S.A. with appropriate observances.

The purpose of LAW DAY U.S.A., endorsed and implemented by the American Bar Association, is twofold:

TO STRENGTHEN THE NATION'S DEDICATION TO THE RULE OF LAW AS THE FOUNDATION OF OUR FREE SOCIETY:

TO FRESHEN EVERY AMERICAN'S AWARENESS OF THE RIGHTS AND PRIVILEGES HE ENJOYS BY REASON OF OUR SYSTEM OF LAWS AND COURTS.


As a contribution toward fulfillment of that purpose, our institution is happy to publish this advertisement in the public interest.

AMERICANS OBSERVE LAW DAY U.S.A. ON  
THURSDAY, MAY 1, 1958



This newspaper ad, prepared by the A.B.A. Advertising Department in cooperation with the Trust Division, is free to banks and trust companies to further the idea of Law Day U.S.A. Walter Kennedy, Division president, called members' attention to the close relationship between the Division and the American Bar Association, and said sponsorship of the ad was "one way we can take notice of our great American heritage and at the same time show a spirit of friendship toward the Bar"

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When used in place of passbooks they save the costs of returning the books that accompany mail payments.

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# BANKING NEWS

## G.S.B. Curriculum to Be Strengthened and Changes Made in Extension Work

### Decisions at Faculty Meeting to Increase Elective Lectures

The Graduate School of Banking sponsored by the American Bankers Association in cooperation with Rutgers—The State University—at New Brunswick, N. J., will further strengthen its curriculum in accordance with plans discussed in New York last month at the annual faculty meeting held at the Columbia University Club. Dr. E. Sherman Adams, director of the School, presided at the all-day meeting.

During the 2-week resident session of the School at Rutgers June 9-21, there will be an increase in the number of elective lectures and small discussion groups. These were tried out on a modest scale last year and proved to be highly successful. They have now been adopted as an integral part of the School curriculum.

Extensive changes in the School's extension work are also in prospect. Recommendations for upgrading this part of the School's program were presented at the faculty meeting by Eugene C. Zorn, Jr., deputy manager and director of research of the A.B.A. staff, who headed a special committee appointed to make a thorough study of this subject. The committee's proposals included closer integration of extension work with other parts of the curriculum; the adoption of uniform criteria for grading extension problems; application of a point system both to the extension work and to the thesis, which is a part of the School's requirement for graduation; and pro-



Some of the new G.S.B. faculty members attending the recent faculty conference in New York. Front row, *l. to r.* Dr. Grover W. Ensley, executive vice-president, National Association of Mutual Savings Banks, New York; M. Dutton Morehouse, manager, Brown Brothers Harriman & Co., Chicago; Burton A. Miller, vice-president, The National City Bank, Cleveland; Arthur S. Greiner, assistant vice-president, National Bank of Detroit. Second row, *l. to r.*, W. F. Keesler, senior vice-president, First National Bank, Boston; Herbert A. Trucksess, Studley, Shupert & Co., Inc., Philadelphia; Lester E. Lamb, vice-president, The Hanover Bank, New York; Preston T. Holmes, vice-president, State-Planters Bank of Commerce and Trusts, Richmond. Third row, *l. to r.*, John Rial, trust officer, First National Bank, Greensburg, Pa.; R. H. Brownell, president, Union Square Savings Bank, New York; Dr. W. C. Freund, economist, Prudential Insurance Company of America, Newark, N. J.

vision for student choice among a variety of problems. It was also recommended that the School's extension work be placed under the direction of a permanent committee or director of extension work. These recommendations met with the enthusiastic approval of the faculty.

Dr. Adams announced that the recommendations made in the Committee's report would be put into effect as rapidly as possible. "The implementation of this report," he commented, "will constitute one of the most significant things we have done in our over-all program of upgrading the entire curriculum."

Two veteran members of the original G.S.B. faculty will work together again in 1958; namely, Austin W. Scott, professor at the Harvard School of Law, and Gilbert T. Stephenson, who was director of Trust Research of G.S.B. before his retirement in 1951.

These two men were the only members of the Trusts faculty at the first resident session of the School in 1935. Professor Scott has missed only one resident session since 1935.

## Program for A.I.B.'s 56th Annual Convention Is Released By President George Clark

### National Public Speaking, Debate Contests Among Chief Features

The advance program for the 56th annual convention of the American Institute of Banking, which will take hundreds of young bankers to Kansas City, Mo., next June 2-6, was announced recently by George Clark, president of the Institute, and assistant vice-president, Security-First National Bank of Los Angeles, Calif.

The key speakers for the convention, which will have the Muehlebach Hotel as headquarters, will address the two general business sessions—one opens the meeting and the other is on the closing day. The Honorable H. Roe Bartle, mayor of Kansas City, will be the featured speaker at the opening session on Monday, June 2. The speaker for the closing session on Friday morning will be Joseph C. Welman, president of the American

(CONTINUED ON PAGE 93)

Austin W. Scott



Gilbert T. Stephenson



## 25th Anniversary of A.B.A. Trust Principles Statement Celebrated on April 11

**Being Re-issued as Special Book; Is an Appendix to FRB's Reg. F**

Trustmen on April 11 will mark the 25th anniversary of the adoption of the American Bankers Association's "A Statement of Principles of Trust Institutions." The statement, golden rule and guidebook for trustmen for a quarter of a century, is regarded as one of the most significant documents in banking.

In commemoration of the anniversary, the A.B.A. Trust Division has re-issued the statement in a special booklet with a silver-colored title plate, according to Walter Kennedy, Trust Division president and president of The First National Bank of Montgomery, Ala. Copies of the new booklet are available to all members of the Trust Division.

Formulation and adoption of the statement grew out of the need for a code that, in the time of severe economic instability in the early 1930s, would set the standard for the operation of trust companies and trust departments of banks.

In June 1936, the statement was included in the appendix to Regulation F of the Board of Governors of the Federal Reserve System and commended to banks operating trust departments. It has remained in the Regulation F appendix.

## Free Ad Marking "Law Day U.S.A.," on May 1 Sent to Trust Division Members

Advertising mats will be made available, without charge, to banks and trust companies in all sections of the United States as a contribution by the banks toward the observance of "Law Day U.S.A." on May 1, according to Walter Kennedy, president of the Trust Division, American Bankers Association, and of The First National Bank of Montgomery, Ala. The Division and the A.B.A. Advertising Department are cooperating in this project.

"Law Day U.S.A." has been proclaimed by President Dwight D.

## State Ass'ns OK A.B.A. Reserve Requirement Plan

Seven states and the District of Columbia have formally approved the idea of Congressional action to reduce and reform Federal Reserve member bank reserve requirements proposed by the Economic Policy Commission of the American Bankers Association. These proposals have been publicized in BANKING in recent months.

Several other states are studying the A.B.A. recommendations and it is anticipated that many of them will follow the lead of the states which have already taken action. Those approving are: District of Columbia, Florida, Massachusetts, Missouri, New Jersey, New York, Ohio, and Virginia.

## 17 Banks in 12 States Join Association in February

Seventeen banks and branch offices in 12 states joined the American Bankers Association during February, according to the monthly report of Frank W. Thomas, chairman of the Association's Organization Committee. Mr. Thomas is president, Washington (Ga.) Loan & Banking Company. The new banks in this group of A.B.A. members are:

CALIFORNIA: First National Bank of Palmdale.

FLORIDA: Florida Northside Bank of Jacksonville, Jacksonville.

IDAHO: Idaho Bank & Trust Company, Paul Branch.

LOUISIANA: Gulf National Bank of Lake Charles, Maplewood Branch.

MINNESOTA: First National Bank of Hoyt Lakes.

NEW JERSEY: Millville National Bank, Cedarville Office.

NEW YORK: Franklin National Bank of Long Island, Eastgate Plaza Office, Levittown, and Dry Dock Savings Bank, Seventh Avenue Office, New York.

SOUTH CAROLINA: State Bank & Trust Company, Columbia Office.

TEXAS: Channelview State Bank, Channelview, and Farmers State Bank, Hart.

UTAH: Orem State Bank.

Eisenhower and is endorsed and implemented by the American Bar Association, to—

Strengthen the nation's dedication to the rule of law as the foundation of our free society and freshen every American's awareness of the rights and privileges he enjoys by reason of our system of laws and courts.

A letter from Mr. Kennedy and a proof of the suggested advertisement has been mailed to approximately 3,000 members of the Trust Division.

## Trusts, Commercial Banking Featured at Southwestern Graduate School of Banking

**Majors Must Complete Extension Problems and Submit Theses**

A curriculum in trust and commercial banking and a faculty of 39 bankers, economists, lawyers, and professors will characterize the 1st-year session of the Southwestern Graduate School of Banking at Southern Methodist University, June 8-21. The school will be coeducational.

The commercial banking curriculum covers bank operations, credit, the economics of money and banking, personnel, and bank activities. The second and third year student will take specialized courses in credit, executive development, public relations, internal communications, and personnel training.

## 64½ Hours of Trust Lectures

The trust major consists of 64½ hours of lectures and case studies specifically in problems of trust policy, operations, and administration, in addition to courses in the economics of money and banking, banking policy, and in industrial, financial, and business developments. In the second year the trust major concentrates on advanced problems of trust accounting, investments, administration of personal trusts and agencies, administration of decedents' and incompetents' estates, taxation as related to trust administration, and applications of wills and trust instruments. Specialization in the third year emphasizes administration of employee benefit trusts, common trusts, real estate and mortgage investment and management, mineral interests and estates.

Both commercial and trust majors will be required to complete extension problems between the first and second sessions, and write a thesis.

Coordinator of the school is Dr. Richard B. Johnson, economist, professor, and chairman of the department of economics at Southern Methodist University, and director of the graduate program in economics in the SMU Graduate School. Catalog is available upon request.

Joining the university in creating the school was the Dallas Clearing House Association.

## "School of Banking" Composed of 6 Institutes and 2 Seminars, Established by New York Comm'l Bankers

One of the most comprehensive and well-planned educational programs in the country is being set up by the New York State Bankers Association. Announcement by Executive Vice-president Albert L. Muench tells of the establishment of a "School of Banking" to serve the educational requirements of the banking industry in New York State. The NYSBA's educational program sets a high standard in the banking field.

Initially the "School of Banking" will consist of six resident institutes and two seminar groups to provide academic and professional training facilities for the 86,000 officers and other employees of the commercial banks of New York State.

The school will be spread over three campuses. The main body of its program will be conducted at Sedgewood, a 2,500-acre estate located at Carmel in Putnam County, N. Y.

### NYSBA Will Continue Schools

In addition to the Sedgewood campus the NYSBA will continue its Bankers School of Agriculture (August 17-22) and its Graduate Agricultural Seminar (August 17-19) on the grounds of the College of Agriculture at Cornell University. The association will also continue its Trust New Business School (June 2-6) on the campus of New York University, and the Investment Seminar (September 19) with New York University at the Hotel Commodore, New York City. The NYSBA's Bankers School of Public Relations will be held in July and will be moved to the Sedgewood campus. This school is co-educational.

One of the principal pillars of the program will be the Bankers Institute for Advanced Management founded in 1956 to assist top executives to broaden their managerial skills. The first session is scheduled for the week of April 27-May 2.

Later this year the association will inaugurate its first Bankers Institute for Executive Development, a program calling for three weeks of resident instruction designed to supply banking institutions with trained management.

Mr. Muench also announces the establishment of a Resident Institute of Banking to be conducted in co-operation with the American Institute of Banking. It will consist of three resident sessions of two weeks each spread over 24 months. The curriculum established and approved by the national office of the A.I.B. provides for 234 hours of classroom lectures covering eight required courses of the A.I.B. Upon satisfactory completion of the program the students will receive a standard certificate awarded by the Institute. The Resident Institute will be held May 4-17. An outstanding feature of the Institute course is that it will be speed-up in nature. A standard certificate will be obtainable in two years instead of four. These classes will be co-educational.

The NYSBA program will be self-supporting. Students from outside of New York State will be accepted by all institutes when and if there is room for them.

★  
Joseph R. Fehrenback  
★



### J. R. Fehrenback Is Named Director of Printing of American Bankers Ass'n

Joseph R. Fehrenback has been named director of printing of the American Bankers Association, it is announced by Executive Manager G. Russell Clark.

Mr. Fehrenback has been production manager in the A.B.A. Advertising Department where he served since July 1939, with the exception of a tour of duty in the U. S. Air Force from July 1942 to July 1945.

He is a graduate of St. Joseph's High School, West New York, N. J. He attended New York University and the Employing Printers Associ-

## Convention Hotel Room Reservation Information Mailed by Committee

### Convention Registration Forms Will Be Sent to Hotel Registrants

Charles F. Newhall, chairman of the Hotel Committee for the 84th annual convention of the American Bankers Association in Chicago on September 21-24, has sent an announcement to member banks giving information on hotel room reservations and other information of value to bankers planning to attend.

Mr. Newhall, who is assistant vice-president, The First National Bank of Chicago, is assisted by vice-chairmen Robert E. Hunt, vice-president, The Northern Trust Company of Chicago, and Wilfred E. Resseguie, vice-president, Continental Illinois National Bank and Trust Company, Chicago.

### Other Chicagoans on Committee

Other Chicago bankers serving on the Hotel Committee are: John M. Davis, assistant vice-president, City National Bank and Trust Company of Chicago; Arnold J. Rauen, assistant vice-president, Chicago National Bank; William P. Scott, vice-president, La Salle National Bank; Richard H. Wayne, vice-president, Harris Trust and Savings Bank; and William B. Whitman, assistant vice-president, American National Bank and Trust Company of Chicago.

Convention registrations, educational displays, and the general convention sessions will be held at The Conrad Hilton Hotel. However, other functions will be held at several of the Chicago hotels.

Early in June, those whose hotel reservations have been cleared through the Hotel Committee will be sent forms and instructions describing the procedure for advance registration for the convention.

ation School of Printing, and completed courses in the American Institute of Banking, Advertising Club of New York, and the American Institute of Graphic Arts.

He has been active in Boy Scout work, Little League baseball, and in the Catholic War Veterans, for whom he served as New Jersey State Commander in 1952.



## First of Series of Books Designed to Guide Banks In Case of Attack Released

The first booklet in a projected series prepared for the guidance of the nation's banks in the event of possible enemy attack has been released. Booklet No. 1 on *Preparedness Program for Emergency Operations in Banking* is concerned with "Organization and Administration of the Program in Your Bank." It is the joint work of the Advisory Committee on Commercial Bank Preparedness and the Banking Committee on Emergency Operations. John J. McCloy, chairman, Chase Manhattan Bank, New York, and G. Edward Cooper, senior vice-president, The Philadelphia National Bank, are chairmen, respectively, of the committees.

One copy of the new booklet has been mailed to the head office of every bank in the country. Additional copies may be secured at a cost of 50 cents each from Melvin C. Miller, secretary, Banking Committee on Emergency Operations, 200 Madison Avenue, New York 16, N. Y.

The booklet notes further that "the terrible consequences of attack make it mandatory that every bank give attention to the formulation of a plan for the protection of personnel and facilities." In broad terms, the other booklets in the series planned by the committee will deal with the following areas of interest to banks: (2) Personnel protection; (3) continuity of management and alternate headquarters; (4) physical properties; (5) Duplicate or alternate records; (6) collection of cash items and noncash items; (7) cash (currency) operations; (8) customer participation on banking program; and (9) credit.

## FPRA Adds 6 New Courses to 1958 School Curriculum

The School of Financial Public Relations has added these new courses and instructors for its 1958 session July 7-19 at the Chicago campus of Northwestern University:

John P. Anderson, vice-president, First National Bank and Trust Company, Paterson, N. J., will teach "Community Relations"; Julius C. Bernstein, high school principal,

Regional vice-presidents who will take part in NABW conferences. Front row, l. to r., Kathryn E. Weiland, assistant vice-president, Citizens Savings Bank & Trust Co., Hamilton, Ohio; Lois L. Neighbors, vice-president, National Bank of Commerce, Tulsa, Okla.; Selma F. Bartlett, assistant cashier, Bank of Nevada, Henderson.

Center row, Florence C. Otten, comptroller, Citizens Savings Bank, Providence, R. I.; Alice E. Morgan, assistant trust officer, National Bank of Washington, Tacoma; Mona Cunningham, assistant vice-president, Union National Bank of Wichita, Kans. Back row, Treva Ann Moore, cashier, The Beach Bank, Jacksonville, Fla.; and Marian J. Welch, assistant vice-president, Equitable Security Trust Co., Wilmington, Del.



## Nat'l Ass'n Bank Women Will Hold 6 Regional Conferences in April, May

Announcement that six regional conferences will be held during April and May by the National Association of Bank Women has been made by Iweta Miller, NABW president and assistant vice-president, First City National Bank, Houston, Texas.

Conferences have been arranged by NABW regional vice-presidents in cooperation with local conference committees, as follows:

*New England-Middle Atlantic Divisions:* April 11-13 in Providence, R. I.

*Southwestern Division:* April 18-20 in San Antonio, Texas.

*Western Division:* April 18-20 in Reno, Nev.

*Lake-Midwest Divisions:* May 8-9 in Des Moines, Iowa.

*Northwestern Division:* May 16-18 in Tacoma, Wash.

*Southern Division:* May 23-25 in Biloxi, Miss.

Newark, N. J., "Fundamentals of Communication"; George E. Goodwin, vice-president, First National Bank of Atlanta, "Communication Techniques"; and Dr. Brendan A. Maher, Northwestern, "Applied Psychology." There will also be a new freshman course, "Semantics."

The school is sponsored by the Financial Public Relations Association.

## A.I.B.'s 56th Convention

(CONTINUED FROM PAGE 90)

Bankers Association, and president, Bank of Kennett, Mo.

Among the other outstanding events on the convention program will be the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes on Monday evening, June 2; the National Debate Contest for the Jesse H. Jones National Convention Debate Fund prizes on Tuesday evening; and the National Publicity Exhibit, to be judged on Monday.

Monday afternoon, Wednesday morning, and all day Tuesday and Thursday will be devoted primarily to a series of conferences on various aspects of banking and A.I.B. work. The Departmental Conferences will cover the various fields of banking; the Institute Conferences will cover A.I.B. educational, chapter administration, and women's activities.

The president's ball will be held in the Muehlebach on Friday evening.

A political sidelight of the convention will be the election of Institute officers for 1958-59. The convention will elect an Institute president, vice-president, and four members of the Executive Council, the A.I.B.'s governing body.

The 5-day convention will be attended by delegates from the more than 475 A.I.B. chapters and study groups throughout the United States, representing over 135,000 Institute members. This will be the second A.I.B. convention to meet in Kansas City. The meeting was held there previously in 1925.

## Safe Deposit Ass'n Will Hold 1958 Convention in Baltimore, April 17-19

The American Safe Deposit Association will hold its 1958 convention at the Lord Baltimore Hotel in Baltimore on April 17-19. President Aaron D. Felsing, manager-secretary-treasurer, Northern Trust Safe De-

posit Company, Chicago, and other officers will present their annual reports at the opening session. The ASDA's 1958-59 national officers will be elected at this session.

Thomas E. McConnell, general convention chairman and vice-president, Maryland Trust Company, Baltimore, will preside at this session and the city's welcome will be extended by Harvey E. Emmart, president of the Baltimore Clearing House and senior vice-president of the Fi-

delity-Baltimore National Bank.

Chairmen at other sessions will include: Harold F. Corey, past president, ASDA, will preside at the Thursday afternoon session; George P. Hansen, vice-president, New Haven (Conn.) Savings Bank, at the Friday session; and Hubbard S. Lafoon, vice-president of the State-Planters Bank of Commerce & Trusts Richmond, at the Saturday session, which will be a forum discussion.

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### Bank Employee Instalment Credit Guide To Be Released

"EMPLOYEE Guide for Bank Instalment Credit," the first of a series of employee guides dealing with that topic to be offered by the A.B.A.'s Instalment Credit Commission will soon be available to the Association's member banks. It purposes to acquaint the bank employee, new or otherwise, with the functions of the acquisition section of a bank's instalment loan department. Other publications in the series will deal with the servicing and collection functions of that department.

The new, illustrated 56-page manual is divided into three sections, delineating the responsibilities of the interviewer, investigator, and credit man.

In a general introduction to these three specific sections of the manual, the problems involved in acquisition, servicing, and collection are discussed.

The material can be used as a supplement to a bank's on-the-job training program. It can also be used by the employee being trained as a credit man who has already been indoctrinated with the basic philosophies of instalment lending and wants a clear classification of the specific functions involved.

Copies of this publication may be obtained from the Commission at \$2.50 per copy.

### Instalment Business Down

DURING the quarter to January 31, 1958, the retail sales trend was down quite noticeably for all types of durable goods, according to the American Bankers Association Instalment Credit Commission.

The volume of instalment loan and instalment sales business was off markedly, with some lenders experiencing a 15-25% drop.

A step toward restoring consumer confidence would be for industry to tell prospective buyers what the selling price is on what they are buying so that they can make comparisons and do their buying in a democratic way. This is a major problem and partially responsible for present consumer reluctance to buy, according to Carl A. Bimson, president, Valley National Bank, Phoenix, Ariz., who is chairman of the Commission.

### Terms Steady; But Repossession Problems Up

INSTALMENT loan terms seem to be steady, and even areas feeling moderate pressures to expand are holding their own. On the other hand, repossession problems are definitely on the increase.

Although collection experiences continue satisfactory, according to the advisory board of the American Bankers Association Instalment Credit Commission, more and more time is being devoted to this activity. Both the number of cars re-

possessed and the areas experiencing difficulty have increased.

Unemployment and lower incomes have contributed to this situation, says the board, but many cases indicate lack of equity, which lowers consumer ability to maintain car ownership. Currently, the average repossession loss per automobile is \$320.

The percentage of 36-month new car transactions is definitely on the increase in all Federal Reserve Districts, and feeling seems to be that such maximum terms have become standard. Moderate pressures to expand automobile maturities to 42 months have met so far with no success.

"This development," reports the board, "emphasizes again the need for determining true equities, as it is low down-payment and long terms that will cause losses and repossessions. Retail advances are being limited to 85-90% of dealer invoice by many bank instalment loan departments."

### Instalment Salaries Compare Well

SALARIES paid to bank instalment loan operators compare favorably with those paid in industry. Instalment loan department employees are presently averaging \$4,184 a year, says Louis J. Asterita, deputy manager of the A.B.A. and secretary of its Instalment Credit Division.

In a clinic discussion at a 2-day consumer credit conference of 250

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members of the New Jersey Bankers Association, held in Atlantic City, Mr. Asterita also reported that A.B.A. data, developed from a cross section of the nation's commercial banks engaged in instalment credit, show that banks pay to their instalment loan employees salaries that average 47% of the department's total expenses.

"We are currently in a personnel testing period which should separate the men from the boys. Operating in a rising economy, with full employment and high income, did little to challenge the wisdom of a credit executive," he commented.

"Naturally, business conditions, improved efficiency, and over-all experience with this banking service will determine whether or not salary totals will continue as heretofore."

## Car Floor-Planning

**AUTOMOBILE** sales are slow, expenses continue for the dealer, and the incidence of cars being sold out of trust is on the rise.

Careful checking and particular precaution are becoming even more of a must for the banker who is financing dealer floor-planning of automobiles, reports Kenneth R. Wells, vice-president of American National Bank and Trust Co. of Chicago and editor of its instalment credit letter.

Follow a rigid policy of checking automobiles on the dealer's floor; there is no practical way for the bank to retain its lien if the dealer sells the car to an innocent buyer, says this banker.

Check every 30 days or less, cautions Mr. Wells. See that each automobile's motor or serial number is verified. See that you are covered properly by insurance. And check on excuses given for a car's not being on the floor; don't just accept them at face value.

A related problem area is the financing of leased automobiles and trucks. Sale out of trust is a hazard here too. Mr. Wells reports that in one instance two banks and a finance company were unwittingly financing

the same automobile on lease. So confirm possession, he advises, and make sure that the bank has a valid lien, properly recorded.

## Frequent Loan-Cost Appraisals Important

**IN THE** volatile business of instalment loan financing, today's accurate conclusions may well become antiquated next year, said C. V. Hackney, vice-president, First National Bank of Miami, in an address to the Alabama Bankers Association in Gadsden.

"It's necessary for us to examine our over-all rate structure in various loan categories at least once a year, as well as looking at our costs," he advises.

Analyzing costs and establishing loan charges go hand in hand, since costs must be analyzed in order to intelligently establish charges. Particular costs vary by type of loan, Mr. Hackney observed, and in order to establish charges for different type loans, one must know what it costs to make that type loan.

After establishing costs, it's relatively easy to compute break-even points for various loan types at various maturities by applying the "going rate." When you find that point, you've a basis for appraisal of the rates you're actually charging. You may find that you want to grant loans for a lesser amount than the break-even point, in order to serve customers properly; you may want to graduate interest charges according to the amount of the loan; you may find that some types of dealers are actually costing you money to handle their paper.

"Analyze your costs, allocate expenses, compute your break-even points, and establish your loan charges accordingly," says Mr. Hackney. And then, don't rest on your newly-discovered foundation. Look at the ingredients from time to time; this is a volatile business.

## Delinquencies Are Reported Down

**THE** percentage of total personal loans outstanding reported delinquent as of January 31 is slightly down from that of January 31 last year. The drop in delinquency in property improvement loans is a little sharper.

According to figures released by the Instalment Credit Commission, American Bankers Association, delinquency amounted to 1.153% of total outstanding personal loans at the end of January, compared with 1.158% reported for January '57. Geographically, the high was a 1.157% reported for the East North Central region, and the low, .911% in the West South Central area.

The Commission reports a delinquency percentage of 1.472% in property improvement loans as against 1.186% for the same period last year. Here, the regional high and low are a respective 2.257% in the Middle Atlantic and .891% in New England.

Compared with figures shown for the end of December, both categories reflected an increase in delinquency incidence. As of December 31, '57, delinquency percentage of personal loans outstanding was 1.212; that of property improvement loans was 1.488.





## Savings and Mortgage Data Book Published by A.B.A.

THE importance of the aggregate savings by individuals in savings deposits in banks and investment accounts in other types of institutions is shown by figures and graphs in an annual publication of "Savings and Mortgage Statistics" which was recently completed by the Savings and Mortgage Division of the American Bankers Association. The publication was distributed in New York last month in connection with the Annual Savings and Mortgage Conference.

The study shows that the volume of individual savings has grown since 1900 from \$5,149,000,000 to an estimated \$271,000,000,000 at the end of 1957. This figure, which includes totals of all institutions accepting savings in deposit accounts and as share accounts or investments, is shown in other tables as the source for a majority of the mortgage loans made in this country.

The A.B.A. publication shows that in the 10 years between 1947 and 1957 the aggregate of individual savings grew from \$153,627,000,000 to \$271,000,000,000. Ten years ago, commercial banks held \$35,249,000,000 and mutual savings banks \$17,763,000,000. At the end of last year, the commercial bank total was \$56,000,000,000 and the mutual savings banks deposits were \$31,600,000,000. During the same 10 years, private investments in savings and loan associations advanced from \$9,753,000,000 to \$41,900,000,000; U. S. Savings Bonds outstanding were \$52,053,000,000 and \$53,500,000,000, respectively; while life insurance reserves advanced from \$44,882,000,000 in 1947 to \$83,400,000,000 in 1957. Paid-in share capital in Federal and state credit unions grew from \$510,000,000 to \$3,200,000,000 in the 10 years.

In 1947 mortgage loans amounted to 27% of the total savings accounts in commercial banks, while at the end of business last year the percentage had increased to 41.3. Ten years ago, mutual savings banks had

invested 27.3% of their deposits in mortgages, while at the present time the percentage stands at 66.1. Savings and loan associations increased their percentage of mortgages to share accounts from 90.8 to 96.2 over the 10-year period, while mortgage investments from life insurance reserves grew from 19.3% to 42.2%.

During the 10 years, the number of savings account depositors in banks increased from 58,000,000 to 74,500,000; share account owners in savings and loan associations from 9,523,000 to 21,100,000.

A study of the net assets and number of shareholder accounts in mutual funds shows that in 1947 there were 672,543 shareholder accounts valued at \$1,409,165,000. At the close of business in 1957, the figures had increased to 3,364,073 accounts and \$9,924,459,000 in net assets.

## Savings and Loan Study

A NEW booklet, "Savings and Loan Associations," just released by the Research Council of the American Bankers Association, is announced by Dr. Roy L. Reiersen, chairman of the Research Council and vice-president and economist of the Bankers Trust Company, New York City.

The booklet was prepared by the Research Council, at the request of the Savings and Mortgage Division,

in response to a desire of member banks for factual information which might provide them with a better understanding of the recent substantial growth of the savings and loan industry. It is largely a graphic presentation with brief textual comments on salient trends in the savings and loan field, with particular emphasis on developments since World War II.

A 13-page introduction defines "savings and loan associations," traces from its beginning the development of the savings and loan movement in this country, and describes in some detail the savings and loan system as it exists today. Facts are presented relating to the chartering, branching and Federal income taxation of savings and loan associations, and to the nature and type, liquidity and safety of share-accounts.

Federal Home Loan Bank Board credit policy and individual state restrictions on branching and mortgage lending by state savings and loan associations are summarized in appendixes. A 3-page bibliography is included.

The booklet is being distributed to committees and other groups in the Association working particularly in the savings and mortgage field. One copy will be sent to any member requesting it. Additional copies to members are \$1.

Thirty-six savings bank presidents in the Greater New York area attended the annual President's Dinner given by Savings Bank Women of New York in honor of their presidents. Rita Harvey, East River Savings Bank, is president, and Frances Lange, Bronx Savings Bank, is vice-president of SBW. Some of honored guests, left to right: New York Superintendent of Banks George A. Mooney; J. A. Kaise, president, Williamsburg Savings Bank; and J. J. Smith, president, East New York Savings Bank





# Housing and Mortgages

• NEWS •

## New Construction

NEW construction activity declined as usual in February, but the \$3.1-billion of work put in place was slightly above the previous February record set in 1957, according to preliminary estimates prepared by the U. S. Departments of Labor and Commerce. February outlays brought the total for the first two months of 1958 to \$6.3-billion—an all time high for the January-February period. Both private and public construction shared in the \$142,000,000 gain over the first two months of 1957.

## February Housing Starts

NEW permanent nonfarm dwelling units started in February, including 5,000 public units, totaled 65,000, according to the U. S. Bureau of Labor Statistics. This compares with 65,800 in February 1957.

Private housing starts declined about 7% over the month to 60,000, and were at a seasonally adjusted annual rate of 890,000—the lowest rate since early months of 1949. Private starts were about 3,000 below February 1957.

## Costs Retard Small Homes

"HOME building's recovery will not be so speedy and complete in the light of present-day conditions as to support the thesis that the industry will single-handedly rejuvenate the national economy," but it "can and should provide a major stabilizing influence, provided no large-scale impediments are placed in its way," Nels G. Severin, president, National Association of Home Builders, said at the Mortgage and Finance Conference of Group V Savings Banks Association, State of New York, Brooklyn, N. Y.

Mr. Severin stated that "one of home-building's major problems is costs, and I don't mind telling you that the cost of money is one of the foremost of our headaches." He stated that a recent study of the market potential for moderately priced homes made by NAHB's staff

revealed that there were approximately 250,000 fewer homes in the under \$12,000 price bracket produced in 1957 than as recently as three years ago.

He emphasized this point by quoting the report: "Based on the production and sales records of recent years, an informed guess is that at least 200,000 additional units a year could be added to the market if homes could be produced at prices and terms suited to the requirements of families at or below the typical family income levels in this country."

He said that one way to insure ample mortgage funds, particularly for moderate income housing, would be through the establishment of a true central mortgage facility.

## FHA Optimistic About '58

A BRIGHT outlook for the building industry in the coming year is seen by Commissioner Norman P. Mason of the Federal Housing Administration. Pointing to the increase in FHA applications in recent months as indicating public confidence in the soundness of the econ-

omy, he said that in the first six weeks of the current year, applications for mortgage insurance on proposed homes were 65% higher than in the first six weeks of 1957.

People are not hesitating to build or buy homes, he declared, and lenders are ready to finance the transactions.

## Mobile Radio System Links Appraisers With Bank

AS a means of speeding up its mortgage operations, so that an appraisal report can be made the same day an application for a mortgage is received, The Dime Savings Bank of Brooklyn has equipped its fleet of 29 automobiles with 2-way radios. According to Radio Corporation of America, this is the first service of its kind in the nation.

An RCA ultra-high-frequency mobile radio system, controlled from a master console in the bank's mortgage department, links all of the bank's field appraisers and loan committee cars with the bank and with each other. The conventional telephone installation throughout

## Nonfarm Mortgage Recording Trend

Although below the record highs of 1955 and 1956, the volume of mortgage credit extended on homes in 1957 surpassed that of any earlier year, according to estimates of the Federal Home Loan Bank Board of nonfarm mortgages of \$20,000 or less recorded. During the year, \$24,244,000,000 of nonfarm mortgages were placed on homes—10% less than in 1956 and 15% below 1955. All types of lenders shared in the reduction for the year according to the following national estimates, which are based on actual tabulations for communities which include more than one-half of all nonfarm families.

(Amounts in millions)

Type of mortgage	December		Year		Percent of Total		
	Amt. 1957	% Chg. from 12/56	Amt. 1957	% Chg. from 1956	Year		
					Dec. 1957	1957	1956
S. & L. assns.	\$ 666	+ 1	\$ 9,217	- 3	36	38	35
Ins. cos.	125	- 9	1,472	-18	7	6	7
Comm'l bks.	325	-11	4,264	-22	17	17	20
Mut. svgs. bks.	112	-24	1,430	-22	6	6	7
Individuals	260	- 4	3,554	- *	14	15	13
Miscellaneous	363	- 2	4,307	-12	20	18	18
Total	\$1,851	- 5	\$24,244	-10	100	100	100

\* Less than 0.5%.

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the bank's main office also enables officers and executives at their desks to directly contact cars in the field. Transmission is handled through

George C. Johnson, president, The Dime Savings Bank of Brooklyn, left, and Alfred J. Tria, assistant vice-president in charge of the bank's real estate appraisals, watch William Schneck, chief appraiser, demonstrate the 2-way mobile radio system which provides instant communication between the Dime's field appraisers and the mortgage department



two Carfone 450-megacycle radio base transmitter stations. One transmitter is on top of the building at 1 Wall Street, Manhattan. The other, which serves as a relay station to provide extended radio coverage throughout Long Island is located at Dix Hills, L.I.

## Maier Sees Closing Delays

ALTHOUGH many institutional investors, as a result of the changed conditions in the money markets, are now shifting their investment emphasis from bonds to mortgages, it is not conceivable that these changes, including any possible governmental regulatory actions, will have much effect on mortgage closings before 1959, according to Karl Maier, Jr., manager of residence loans for The Northwestern Mutual Life Insurance Company of Milwaukee. Mr. Maier spoke at the Midwestern Mortgage Conference of the Mortgage Bankers Association of America in Chicago.

Mr. Maier's forecast for a turn in mortgage closings being delayed until 1959 was based upon the traditional slower pace of mortgage financing as compared with the movement of rates in other areas.

## Positive Thinking Contagious

AMPLE mortgage funds and the desire of the American family to own its own home are important plus factors in the present mortgage financing picture in the opinion of H. Walter Graves, Philadelphia, president, National Association of Real Estate Boards, a speaker at the Mortgage and Finance Conference of Group Five Savings Banks Association of the State of New York, Brooklyn.

However, Mr. Graves feels that the economy is shrouded in a climate of pessimism.

"The danger," he added, "is not so much in further changes in our economy, but in our thinking. There is power in positive thinking. And it is contagious. By employing it ourselves, we can pass it on."

"It would not be surprising," he said, "if private housing starts fell below 950,000 in 1958, and they could fall even further. However, that number of housing starts may well take care of the demand."

## CALENDAR

1958 APRIL 1958						
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### American Bankers Association

May	15-16	Southern Trust Conf., Dinkler Plaza, Atlanta, Ga.
June	2-6	American Institute of Banking, Muehlebach Hotel, Kansas City, Mo.
June	9-21	Graduate School of Banking, Rutgers University, New Brunswick, N. J.
Sept.	21-24	84th Annual Convention, Chicago, Ill.
Oct.	9-10	Western Regional Trust Conf., Statler Hotel, Los Angeles, Calif.
Nov.	6-7	Mid-Continent Trust Conference, Statler Hotel, St. Louis, Mo.
Nov.	17-18	National Agricultural Credit Conference, Sheraton-Fontenelle, Omaha, Nebr.

### State Associations

Apr.	8-10	Georgia, Atlanta Biltmore, Atlanta
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Apr.	10-12	Florida, Vinoy Park Hotel, St. Petersburg
Apr.	11-17	Alabama, Cruise to Havana and Nassau
Apr.	20-22	Louisiana, Jung Hotel, New Orleans
Apr.	23-24	Maryland Farm Credit Conf., Hotel Alexander, Hagerstown
May	2-3	Nevada, Las Vegas
May	6-7	Tennessee, Peabody Hotel, Memphis
May	6-8	Ohio, Commodore-Perry Hotel, Toledo
May	8	Delaware, duPont Hotel, Wilmington
May	8-9	Oklahoma, Skirvin Hotel, Oklahoma City
May	9-10	North Carolina, The Carolina, Pinehurst
May	9-10	North Dakota, Patterson Hotel, Bismarck
May	11-13	Missouri, Sheraton-Jefferson Hotel, St. Louis
May	11-13	Texas, Rice Hotel, Houston

May 15-16 Illinois, Palmer House, Chicago  
 May 15-16 Kansas, Kansas City  
 May 15-16 Massachusetts, New Ocean House, Swampscott  
 May 15-17 Alaska, Fairbanks  
 May 16-17 South Dakota, Lawler Hotel, Mitchell  
 May 16-20 Maryland, Claridge Hotel, Atlantic City  
 May 19-21 Mississippi, Buena Vista Hotel, Biloxi  
 May 20-21 Arkansas, Arlington Hotel, Hot Springs  
 May 21-23 New Jersey, Chalfonte-Haddon Hall, Atlantic City  
 May 23-24 New Mexico, Hilton Hotel, Albuquerque  
 May 25-27 California, Fairmont Hotel, San Francisco  
 May 25-28 Pennsylvania, Chalfonte - Haddon Hall, Atlantic City  
 June 1-3 Oregon, Eugene Hotel, Eugene  
 June 4-5 Indiana, French Lick-Sheraton, French Lick  
 June 4-8 Dist. of Col., The Homestead, Hot Springs, Va.  
 June 5-8 South Carolina, Ocean Forest, Myrtle Beach  
 June 6-7 Connecticut, Equinox House, Manchester, Vt.  
 June 8-11 Idaho, The Lodge, Sun Valley  
 June 10-11 Minnesota, Radisson Hotel, Minneapolis  
 June 11-13 New York, Lake Placid Club, Lake Placid  
 June 12 Savings Banks of Massachusetts, Hotel Statler, Boston  
 June 12-14 Wyoming, Plains Hotel, Cheyenne  
 June 12-14 Vermont, Equinox House, Manchester  
 June 15-17 Washington, Empress Hotel, Victoria, B. C.  
 June 19-20 Colorado, Hotel Colorado, Glenwood Springs  
 June 19-21 Michigan, Grand Hotel, Mackinac Island  
 June 19-21 Montana, Many Glacier Hotel, Glacier National Park  
 June 19-21 Virginia, The Homestead, Hot Springs  
 June 20-21 \*New Hampshire, Wentworth-By-The-Sea, Portsmouth  
 June 20-21 \*Savings Banks of New Hampshire, Wentworth-By-The-Sea, Portsmouth  
 June 20-21 Savings Banks of New Jersey, Monmouth Hotel, Spring Lake  
 June 20-21 Utah, Union Pacific Lodge, Sun Valley, Idaho  
 June 20-22 Maine, Poland Spring House, Poland Spring  
 June 23-25 Wisconsin, Schroeder Hotel, Milwaukee  
 July 24-26 West Virginia, The Greenbrier, White Sulphur Springs  
 Sept. 4-6 Savings Banks of Maine, The Balsams, Dixville Notch, N. H.  
 Sept. 8-11 Vermont-New Hampshire School of Banking, Univ. of N. H., Durham, N. H.  
 \*Joint meeting

Sept. 11-13 Savings Banks of Massachusetts, Poland Spring House, Poland Spring, Maine  
 Sept. 19-20 Savings Banks of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.  
 Oct. 1-3 Savings Banks of New York, Lake Placid Club, Lake Placid  
 Oct. 12-13 Nebraska, Cornhusker Hotel, Lincoln  
 Oct. 13-14 Savings Banks of Connecticut, Mountain View House, Whitefield, N. H.  
 Oct. 17-18 New Hampshire, Mountain View House, Whitefield  
 Oct. 19-21 Kentucky, Brown Hotel, Louisville, Ky.  
 Oct. 19-22 Iowa, Fort Des Moines Hotel, Des Moines  
 Nov. 13-15 Arizona, Pioneer Hotel, Tucson

### Other Organizations

Apr. 17-19 American Safe Deposit Assn., Lord Baltimore Hotel, Baltimore  
 Apr. 21-23 NABAC Southern regional convention, Hotel Muehlebach, Kansas City, Mo.  
 May 8-10 Nat'l Assn. of Mutual Savings Banks, Hotel Statler, Boston, Mass.  
 May 11-13 Texas Mortgage Bankers Assn., Galvez Hotel, Galveston  
 May 12-14 NABAC Northern regional convention, Hotel Statler, Detroit, Mich.  
 May 15-17 New York State Safe Deposit Assn., Powers Hotel, Rochester, N. Y.  
 May 19-21 NABAC Eastern regional convention, War Memorial Auditorium, Rochester, N. Y.  
 May 26-28 NABAC Western regional convention, Multnomah Hotel, Portland, Ore.  
 June 1-14 School of Banking of the South, Louisiana State Univ., Baton Rouge  
 June 8-21 Southwestern Graduate School of Banking, Southern Methodist University, Dallas, Texas  
 July 6-19 FPRA School of Financial Public Relations, Northwestern Univ., Chicago Campus.  
 July 14-19 Univ. of Ill. Small Homes Council, Annual short course for mortgage lenders, Urbana, Ill.  
 July 27-Aug. 9 NABAC School for Bank Auditors and Comptrollers, Univ. of Wisc., Madison  
 Aug. 24-Sept. 6 The School of Banking, Univ. of Wisc., Madison  
 Sept. 17-19 Natl. Assn. of Supervisors of State Banks, Minneapolis, Minn.  
 Sept. 28-Oct. 2 Financial Public Relations Association, Sheraton Hotel, Philadelphia, Pa.  
 Oct. 6-9 Annual Convention, National Association of Bank Women, Atlanta Biltmore, Atlanta  
 Nov. 3-5 NABAC annual convention, Statler-Hilton Hotel, Dallas, Texas  
 Nov. 3-6 Mortgage Bankers Assn., Conrad Hilton Hotel, Chicago  
 Nov. 30-Dec. 5 Investment Bankers Assn., American Hotel, Miami Beach, Fla.

All banking associations are invited to send in dates of their forthcoming meetings for this calendar.

OCTOBER						
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At the opening session of the Savings and Mortgage Conference, J. R. DUNKERLEY, deputy manager, A.B.A., in charge the Savings and Mortgage Division, welcomes the delegates and gives a brief resumé of the goals of conference. Speakers and guest, left to right: President JOHN ADIKES; ORMANFINK, minority staff of the House Banking and Currency Committee; Representative HENRY O. TALLE, member, Banking and Currency Committee, Washington, D. C.; Mr. DUNKERLEY; and JOHN PATTERSON CURRIE, management consultant, New York City

## DIRECTION SIGNS for Savings and Mortgage Men

**S**AVINGS and mortgage trends • The housing market • Conventional loans in the mortgage portfolio • Improving FHA and VA loans • Meeting competition • Investment policy • Washington, as seen by an expert • Personnel relations • Role of Government in housing • What to expect in '58 • School savings banking. Those were the topics which 900 bankers from 32 states and the District of Columbia heard discussed at the Annual Savings and Mortgage Conference and National School Savings Forum of the American Bankers Association.

Reporting at the opening session on the session on the important trends in the savings and mortgage business, John M. Adikes, president of the Savings and Mortgage Division of the A.B.A., said that new high levels of savings deposits have been reached; that savings deposits in banks now total \$88-billion; and that banks held an investment of \$44-billion in mortgage loan investments at the end of 1957.

In summarizing the work of the various committees of the Division, Mr. Adikes said that it is essential that bankers renew their efforts to

encourage thrift and build savings accounts. "In so doing," he said, "we must act aggressively and stand solidly for sound principles of credit."

With reference to discussions having to do with what part the savings banks should take in the American Bankers Association, Mr. Adikes, who is president of the Jamaica (N.Y.) Savings Banks, emphasized that the savings banks are true banks and that they have a right and a duty to be members of the A.B.A. His advice to other savings bankers is that they continue their interest

LOUIS B. LUNDBORG, vice-president, Bank of America, San Francisco, and vice-president, Savings and Mortgage Division, "Bank School Relations" . . . AUSTIN H. KIPLINGER, executive editor, Kiplinger Washington Letter, "What's Ahead in Washington" . . . EVERETT J. LIVESEY, vice-president and secretary, The Dime Savings Bank, Brooklyn, and chairman, Committee on Savings Management and Operations, A.B.A., "Electronics for the Smaller Bank"—panel . . . FRANK C. PESVEYC, sales promotion manager, Public Service Electric and Gas Co., Newark, N. J., "How to Meet Competition for Savings in a Dynamic Way"—panel . . . ALFRED J. CASAZZA, executive vice-president, Savings Banks Trust Co., New York, "Bank Investment Policy in a Cyclical Economy"







ROBERT P. MAYO, chief, Debt Division, Analysis Staff, U. S. Treasury Department, Washington, D. C., "United States Government Bonds—A Chart Presentation of Problems of Debt Management" . . . LESTER RAND, president, Youth Research Institute, New York, "Teen-Agers and Their Money" . . . WALTER G. STACKLER, Stackler & Frank, Building Contractors, Hicksville, N. Y., "Taking a Good Look at the Housing Market" . . . JAMES B. MURRAY, JR., director of city loans, The Prudential Insurance Company of America, Newark, N. J., "Place and Importance of Conventional Loans in a Mortgage Portfolio" . . . MURRAY BANKS, New York, "What to Do Before the Psychiatrist Arrives"

and active membership in the Association.

Some highlights from the inspiring and instructive talks made by leading authorities are presented in capsule form:

**GETTING AND KEEPING EMPLOYEES:** No business today occupies such a place in the sun that it does not need to "reach" for applicants. Good selection is based upon having a choice. Salary differentials between banks and industry . . . have been radically narrowed. Public relations begins with employee relations. If our own people don't realize what has happened, how can we expect outsiders to even guess the truth? Periodic appraisals of performance and counseling—frequently at first—and regularly thereafter will do more to hold good employees and hold them happy than any other single activity.

**WHAT TO EXPECT:** Readjustment, after so prolonged a period of prosperity and boom, could continue with intermediate ups and downs for several years. Its impact can be lessened by easy money policies,

moderate increases in Government spending, limited tax reduction, and assistance to the groups and areas most affected.

While the American economy is bound to resume its growth after the current recession, the rate of growth is likely to be slower than in recent years because added stimulus from shortages, rapid debt expansion, and inflation will be lacking. The 12 years from 1946 to 1957 can hardly be considered representative of the normal growth pattern of the economy.

Resort at this juncture to frantic, ill-considered antirecession measures, such as indiscriminate deficit spending and massive tax reductions could seriously hamper and delay a resumption of healthy economic growth in the 1960s. Such policies would provide immediate relief, it is true, but only at the price of generating a greater and more costly boom and bust as an aftermath.

**WHAT'S AHEAD IN WASHINGTON:** From the nearly 5,200,000 figure for unemployment in February, the Administration will count 250,000 as a normal drop. Anything

less than that would be a sign of serious trouble, warranting tax cuts. Thus, if March unemployment figures, released around the 10th of April, are above 4,950,000, the Eisenhower Administration will throw its support to the tax-cutting movement which is now gaining ground rapidly in Washington.

The real issue now is not whether a tax cut but what kind and how soon. There is no inclination in Washington to cut corporate income tax rates, and the Administration has severed notice that it would not go along on excise tax cuts except as a "last resort."

**DEBT MANAGEMENT:** An important objective of Treasury debt management is to reduce the frequency of Treasury financing and to extend the average term of the debt. In this way the Treasury will not only offer less interference to the smooth flow of new issues in the corporate and municipal markets, but also will give the Federal Reserve somewhat more free time in which to exercise effective monetary policy.

**INVESTMENTS:** While the business recession lasts, the trend of interest rates will continue downward, and the chief task of bank portfolio policy is to sustain earnings. This is important for savings banks because of the relatively high rates of return being paid on savings.

Quality amortizing mortgages, especially those underwritten by the Government, provide the investment medium best adapted at this time to maintain earnings, since changes in mortgage yields tend to lag behind bond yields.



LEFT TO RIGHT—

JULES I. BOGEN, professor of finance, New York University, New York, "What to Expect in '58" . . . WILLIAM A. CLARKE, president, W. A. Clarke Mortgage Co., Philadelphia, "Improving FHA and VA Loans"



Panel discussing School Savings Banking for banks without a SSB program. Left to right, seated, C. PARKER FLEMING, assistant secretary, Waterbury (Conn.) Savings Bank; MELVILLE M. PARKER, executive vice-president, First National Bank, Lebanon, Pa., discussion leader; and MILLICENT A. TRICHLER, assistant treasurer, Dollar Savings Bank, New York



Panel for banks with smaller school savings operations. Left to right, HARRIET L. HUNSWORTH, associate director, School and Salary Savings, The Philadelphia Savings Fund Society; WINTHROP NEWCOMB, assistant treasurer, Andover (Mass.) Savings Bank, discussion leader; and PHILIP L. SPEIDEL, president, The First National Bank, Lake Forest, Ill.

Commercial banks would do well to adopt, and adhere to, asset allocation programs that invest savings deposits mainly in long-term assets and escape the squeeze resulting from use of savings gains to expand short-term commercial loans.

**As yields fall, give more thought to the staggering of maturities so that you can reinvest more advantageously when business prosperity returns and interest rates turn upward once more.**

**GOVERNMENT ROLE IN HOUSING:** Last year, a proposal was defeated only in conference, under which \$75,000,000 of special assistance funds would have been used by Fannie Mae to buy at par 40-year mortgages with a 4% interest rate. Qualifications for use of the authority were so general that 60% of the people with whom FHA does business would be eligible.

The camel is already back again this year. Less than two weeks ago, a bill was introduced in the Senate, S. 3373, which proposed to pump \$2½-billion of Government credit into the special assistance function of Fannie Mae for the general purchase of FHA and VA home mortgages. Only one day of hearings was held on the bill, and it was reported in modified form by the Senate committee.

**CONVENTIONAL LOANS IN MORTGAGE PORTFOLIO:** At year-end 1957, conventional home loans represented an in-force volume of just over \$60-billion or 56% of the

total mortgage debt secured by 1- to 4-family dwellings. The comparable amount and percentage factor in 1950 was \$26-billion or 58%.

At the end of last year, the total Government-insured and guaranteed loans amounted to \$47-billion or 44% of the entire home mortgage debt. Of this combined amount, the breakdown was FHA loans accounting for \$16½-billion and VA loans representing \$30½-billion. In 1950 the combined amount was \$19-billion for the two types of Government underwritten loans, with the division being \$9-billion FHA and \$10-billion VA. Conventional investments will continue to maintain a place of prominence and importance in the mortgage account of private institutional lenders.

**HOUSING MARKET:** We are much more optimistic than several months ago. Revival of the homebuilding industry depends primarily

upon the availability of mortgage money at terms which will permit the maximum number of families to buy homes. You hold the answer.

**ELECTRONICS FOR SMALLER BANKS:** In a panel discussion it was revealed that the smaller banks through cooperative centralized units can avail themselves of the same benefits as the larger banks. Highlights of electronics discussion may be found on page 45.

**MEETING COMPETITION FOR SAVINGS:** Creative thinking and imagination are of tremendous importance to industry and are an updated method of solving the problems facing banks today. Many industries have brainstorming departments—the Valley National Bank, for example—to train key employees to be more imaginative and creative. Two of the most important things we have  
(CONTINUED ON PAGE 105)

Panel for banks with larger school savings operations. Left to right, W. T. STAUBACH, JR., assistant secretary, The Bowery Savings Bank, New York, leader; L. A. MERRIGAN, president, Progressive Bank and Trust Co., New Orleans; W. A. BLOSSOM, public relations officer, Springfield (Mass.) Institution for Savings



Photos by WHIMAN & LESTER

A new high in sales . . . record earnings . . .  
new breakthroughs in research and development . . .

## Highlights of a year of progress at General Electric



**SERVING THE NATION'S  
DEFENSE:** Work on 16 major  
missile projects is representa-  
tive of General Electric's  
complex defense assignments.



**ADVANCING THE NATION'S WELFARE:** General Electric introduced new products for the home to help people Live Better Electrically.

**SALES UP 6%.** Despite the nation's economic uncertainties in the latter part of the year, General Electric's 1957 sales reached a record \$4.3 billion. This year's annual report gives the approximate percentages of sales in four broad classifications of products: heavy apparatus—26%; industrial components and materials—27%; consumer goods—27%; defense-product departments—20%.

**EARNINGS ROSE 16%.** General Electric earnings for the year established a new high of \$247.9 million. This was equivalent to \$2.84 a share—16% higher than in 1956. As a per cent of the sales dollar, earnings rose from 5.2 in 1956 to 5.7 in 1957.

**59TH CONSECUTIVE YEAR OF DIVIDENDS.** The \$2.00 a share paid in 1957 was 70% of net earnings for the year, as compared with an average of 66% since 1899.

**BREAKTHROUGHS IN RESEARCH AND DEVELOPMENT.** 1957 saw the first commercial production of man-made industrial diamonds. General Electric scientists and engineers created borazon, another new diamond-

hard material with superior heat resistance. Major advances were also made in the fields of metallurgy and magnets, in new plastics that may replace metals, in converting heat directly into electricity, and in the study of power from atomic fusion. Power reactor license #1 was granted to General Electric by the AEC for operation of the atomic power plant at the company's Vallecitos Atomic Laboratory.

**FOR DETAILS OF THESE AND OTHER AREAS OF PROGRESS,** send for your free copy of the Annual Report; write General Electric, Dept. C 2-111, Schenectady, New York. If you own General Electric shares held in the name of a broker, or in the nominee name of a bank or trust company, write to Dept. Q 2-111. and we will mail you regularly our share owners' publications.

*Progress Is Our Most Important Product*

**GENERAL  ELECTRIC**

# Independent Bankers' Speakers Criticize "Tight Money" Policy

**T**wo speakers at the 24th annual convention of the Independent Bankers Association in Dallas, Texas, sharply criticized the "tight money" policy of the Federal Reserve Board. The convention was attended by nearly 1,500 independent bankers from throughout the nation.

Dr. John Kenneth Galbraith, Harvard University economist, said of the money policy:

"On any straightforward view of recent experience, the policy has failed once more." He said the policy has three substantial shortcomings: "First, it discriminates between large and strong borrowers on the one hand and smaller and more vulnerable borrowers on the other. Second, it doesn't do its job. Third, there is indication that it is dangerous." Continuing, he stated: "As monetary policy was applied with increasing severity over the two years ending last autumn, prices rose with equal persistence. They are still rising."

To achieve economic stability in the United States, Dr. Galbraith said that "we shall have to rely on policies far more difficult and demanding than those of recent years."

"Sooner or later, if we are to have full employment and price stability, we must have a wage-price policy which makes it far harder than now to increase wages and prices at the expense of the public."

## Theoretical Economic Planners Blamed

William A. Blakley, attorney and former United States Senator from Texas, blamed the tight money policy on "theoretical economic planners" who decided "we should be weaned away from prosperity. Reduced available credit with higher interest rates slowed business activity, halted industrial expansion, and brought residential and commercial construction to a standstill, causing unemployment, higher costs, and an additional \$3-billion in interest on the national debt."

Dr. Watrous H. Irons, president, Federal Reserve Bank of Dallas,



Newly elected officers of the Independent Bankers Association. Left to right, second vice-president, O. D. Hansen; president, R. E. Gormley; and first vice-president, O. K. Johnson

spoke in defense of the Federal Reserve's monetary policy, stating that it must be flexible to meet changing conditions.

## Rep. Curtis Discusses S&Ls

Representative Thomas B. Curtis of Missouri, sponsor of the controversial bill that would ease the tax advantage savings and loans and banks have over commercial banks, told the convention he was not "wedded to the formula" set forth in his bill, but added he "intends to push the bill and I have pushed it."

He said that savings and loan associations should act as such and when, in advertising rates on savings and the policy of repurchase of shares on demand, they act like banks and may forfeit their right to a differential in tax treatment from the way banks are treated.

"I am quite familiar with savings and loan institutions, having served on the board of directors of and represented as a lawyer the oldest savings and loan institution in Missouri for the past 17 years," said Mr. Curtis.

"I think there is an important economic difference between savings and loans and commercial banks.

Some savings and loan companies have sought to narrow that difference by acting more like commercial banks than it would seem the laws establishing them intended."

Other speakers included L. M. Schwartz, president, Citizens State Bank of Paola, Kans., chairman, A.B.A. Country Bank Operations Commission and of A.B.A. Committee on Employee Training, who emphasized the importance of banker education; Dr. Donald L. Helfferich, executive vice - president, Upper Darby (Pa.) National Bank, whose topic was "The Tight Brain Market"; and Senator Hubert H. Humphrey of Minnesota, who spoke on "Our American Economy and Its Effects on Foreign Policy."

## New Officers Elected

Officers elected during the IBA convention included R. E. Gormley, vice-president, Georgia Savings Bank and Trust Company in Atlanta, who was advanced from vice-president of IBA to the presidency. R. L. Mullins, president, Wolfe City (Texas) National Bank, was the retiring president. O. K. Johnson, president, Whitefish Bay (Wisc.) State Bank and former president, Wisconsin



Bankers Association, was elected first vice-president; O D. Hansen, president, Bank of Union County in Elk Point, S. Dak., was elected second vice-president; Ben DuBois, president, First State Bank, Sauk Centre, Minn., was reelected secretary; and A. W. Hoese, president, Security State Bank of Glenco, Minn., was reelected treasurer.

### Resolutions Adopted

Convention resolutions:

**Pay for Examiners**—Urged payment of "more adequate salaries" to personnel of state banking departments.

**Income Tax**—Favored a graduated income tax that would aid small business.

**S&L Shares**—Asked that the Federal Deposit Insurance Corporation "classify as undesirable assets any investment in savings and loan association shares by any bank."

**FDIC Board**—Asked that the proposed Financial Institutions Act eliminate the provision that this comptroller of the currency must be a member of the FDIC board.

**Insurance Premiums**—Urged that the association "continue to strongly resist the practice whereby insurance companies collect insurance premiums through banks, without payment, by drawing drafts against the customers' checking accounts with the processing of these drafts as though they were customer-written checks."

The Federal Reserve Board was urged not to handle these insurance company drafts as cash items.

**Curtis Bill**—Endorsed, without amendments, the Curtis bill and urged that IBA members contact their Senators and Representatives and ask that the bill be passed in its present form.

**Financial Institutions Act**—Supported the "broad general objectives" of the proposed Financial Institutions Act, subject to changes recommended by R. L. Mullins in testimony before the House Banking and Currency Committee.

**Commendations**—To Jack Garrett, convention chairman, and R. L. Mullins, outgoing president, both for excellent work.

## Direction Signs

(CONTINUED FROM PAGE 102)

learned about creative thinking, as revealed by studies made by leading universities, are: (1) as we grow older we tend to become less creative because of inhibitions and (2) almost anybody can be trained to be more creative. **Creative thinking can be used by banks to solve just about any problem. It can be applied to (a) the selling of more banking services; (b) attracting more young people to banking; and (c) building better public relations.**

We are going to find better ways of doing every thing than we are doing it today. Brainstorming is one of the techniques of bringing about more creative thinking.

### THE QUEST FOR HAPPINESS:

At the concluding session of the conference—a luncheon—an eminent psychiatrist discussed "How to Live With Yourself." "You've got to know how to live with yourself before you'll ever be able to live with anyone else," he said. "Life itself is very much like climbing a slippery glass hill. We climb, and we slip; we climb a little more, and slip again. *We all slip!* Everyone has sorrow, disappointment, tragedy, frustration! But the measure of a man—the measure of you—is not whether you slip, but what you do when you slip!"

### National School Savings Forum

Some ideas developed at the

School Savings Banking workshop and forum sessions: School savings is an indispensable part of the thrift industry; it has a firm place in the banking system and in education; it lays the groundwork for economic understanding by the millions in primary and secondary schools; it trains children to save regularly for a purpose; it instills in children the habit of using bank facilities; it is a worthwhile part of training children in good citizenship; and it has been demonstrated that school savings programs have made an invaluable contribution to communities struggling with delinquency problems.

Although it is considered a part of bank advertising and public relations programs, the cost of school savings is not included in those budgets. It was emphasized that school savings should be considered as an investment by the banks and not an expense.

**S**PEAKING at the School Banking Forum, Ernestine Thiry, teacher at William Cullen Bryant High School, Long Island City, N. Y., paid tribute to her father and told of his ideals in establishing in America the first successful school savings banking system at the Long Island Savings Bank in Long Island City, N. Y.

National School Savings Forum "Bank-School Relations" panel. *Left to right, DOROTHY T. CONDRON, assistant secretary, Auburn (N. Y.) Savings Bank; RALPH F. BAGWELL, vice-president, The Bank of Virginia, Richmond; ESTHER V. CLARK, teacher of Grade 5, Junior High School, Trenton, N. J.; ERNESTINE THIRY, teacher, William Cullen Bryant High School, Long Island City; LOUIS B. LUNDBORG, vice-president, Savings and Mortgage Division, A.B.A., and vice-president, Bank of America N.T. & S.A., San Francisco; JEAN M. TURANO, chairman of Forum, and assistant to the president, Trenton (N. J.) Savings Fund Society; and FREDERICK C. OBER, chairman, A.B.A. School Savings Banking Committee, and president, Fitchburg (Mass.) Savings Bank*



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## Methods and Ideas

(CONTINUED FROM PAGE 55)

Make a personal follow-up on the "no replies."

Home State Bank's program resulted in 70% of funds being verified on the first mailing, with returns direct to the auditor. Two follow-ups brought replies up to 85-95% complete.

### Savings Account Control

HERE are some do's and don'ts suggested by Arthur Larschan, comptroller, Exchange National Bank of Chicago, to reduce hazards. ("Most banks still violate to their peril the fundamental security precepts of balance and control by having one person handle cash, record entries and proofs.")

Don't let one person handle all parts of a transaction, or decide the routine schedule of work.

Don't have the teller open new accounts or make changes in signature authorizations. Keep blank pass-books under lock.

Insist on 2-week vacations, running over the monthend and an interest period.

Have the officer who opened the account initial signatures on withdrawals. Keep a duplicate set of signature cards with the auditor, and keep them locked.

Make sure there is a complete division between tellers and bookkeepers. Re-prove and re-check signatures by someone outside both departments.

Have the withdrawal tickets tallied daily and compared with the general ledger by personnel not in either department.

Lock up the deposit and withdrawal tickets.

### Overtime

TRUST Company of Georgia, Atlanta, has prepared a "Table of Overtime Wages Calculated on the Fluctuating Workweek Basis." It covers weekly wages of \$40 through \$90; time is broken down into quarter-hours. Advertising Manager Louis C. Fink says the bank will send copies to interested readers.

### **Safeguards for Banks**

"Embezzlement Controls and Other Safeguards for Banks" is the title of a 34-page brochure written by Lester A. Pratt and published by Fidelity and Deposit Company of Maryland, Baltimore. Copies are offered free if requests are made on business letterheads to Department G. The booklet discusses basic internal auditing controls, burglary and robbery defenses, and related subjects. There's also a checklist of bank safeguards.

The auditor should check all signatures in dormant accounts when activity is renewed.

### **Dual Posting Study**

A STUDY of the dual posting-fully deferred method of deposit accounting is to be the first project undertaken by the new NABAC Research Institute.

It was chosen because it is the method most commonly used, said an announcement by Steve H. Bomar, president of the National Association of Bank Auditors and Comptrollers.

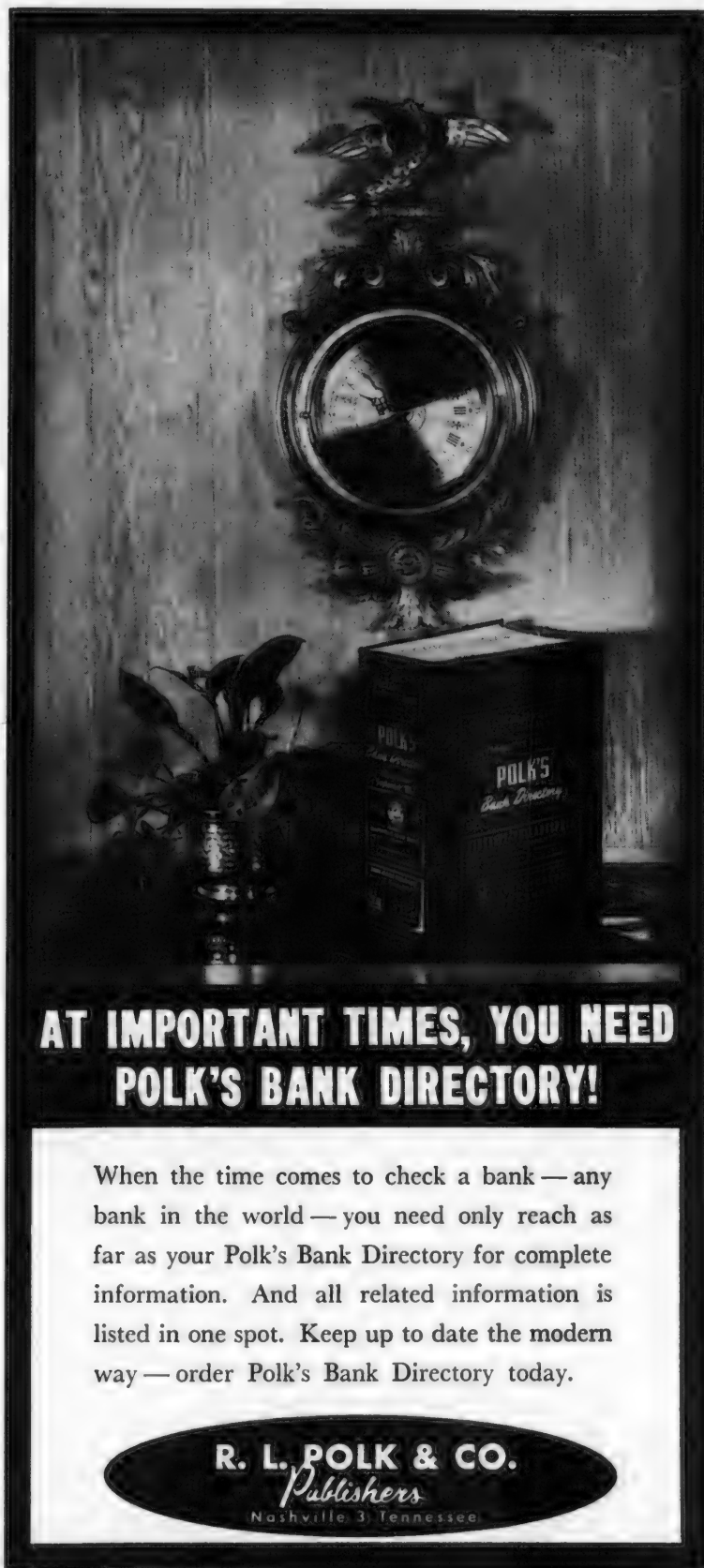
The objective is to "examine a composite of dual posting-fully deferred systems in sufficient detail to obtain factual data regarding the time and techniques for performing the bookkeeping function in an optimum manner."

The study will provide data that can be used for comparison of the various types of manual accounting systems.

The Personnel Commission of the National Association of Bank Auditors and Comptrollers recently published a new manual, "Job Evaluation and Performance Review for Salary Administration."

### **Automated Bookkeeping**

As the first step toward complete automation of bookkeeping operations, Manufacturers Trust Company of New York has installed equipment for thus servicing 16,000 checking accounts in nine Upper Manhattan and Bronx branches. Plans are under way for extending the installation to include all offices in the area.



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## Money and Banking Study

A STUDY on "A Proper Monetary and Banking System for the United States" by 11 members of the Economists' National Committee on Monetary Policy has been aided by a grant from the Reim Foundation, Ann Arbor, Michigan. The preparation of the study was authorized by the executive body of the committee in January 1957. The authors are:

Dr. James Washington Bell, committee president; and professor emeritus of banking, Northwestern University; secretary, American Economic Association.

Dr. Frederick A. Bradford, committee vice-president, and professor of money and banking, Lehigh University.

Dr. Fred R. Fairchild, professor emeritus of economics, Yale University.

Dr. Donald L. Kemmerer, committee vice-president, and professor of economics, University of Illinois.

Dr. Arthur Kemp, professor of economics, Claremont Men's College, California; director of Institute of Freedom and Competitive Enterprise.

Dr. Fred R. Niehaus, professor of economics, University of Colorado.

Dr. Melchior Palyi, one-time adviser to the Reichsbank and economist for the Deutsche Bank.

Dr. Robert T. Patterson, associate professor of economics, Claremont Men's College, California.

Dr. Clyde W. Phelps, professor of economics, University of Southern California.

Dr. Walter E. Spahr, committee executive vice-president, and professor emeritus of economics, New York University.

Dr. G. Carl Wiegand, professor of economics, Southern Illinois University.

Dr. Spahr is a noted advocate of the elimination of unredeemable currency and a return to the gold standard.

The executive committee of the Economists' National Committee on Monetary Policy believe that such a study by objective and highly experienced specialists in the fields of money and banking should have great value to the people of this country. Work on this program has been under way since early 1957.



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## Review of New York Bank Holding Company Bills

**B**ANKERS throughout the nation who have been watching developments in the bank holding company, merger, and branch controversy in New York State will be interested in a solution proposed by the Legislature. However, passage seemed remote at press time, as banking interests were still divided over proposed changes in the law.

Two new omnibus bills dealing with these problems and making alternative proposals were introduced in the New York State Legislature on March 18. Previously, the Senate had passed a bill extending the "freeze" on bank holding companies to May 1, 1959. If either of the new bills is adopted, the holding company "freeze" would be allowed to expire on May 1, 1958.

Each of the omnibus bills would divide the state into two holding company districts. Under both measures, a new metropolitan district

would be established and the balance of the state would be included in the second district.

Rockland County would be included with Westchester, all of New York City, Nassau, and Suffolk counties in the metropolitan district in one bill. Rockland County would be excluded from the metropolitan district in the other.

The two measures differ principally in their treatment of Section 105 of the banking law, which now bars any banking institution from opening a branch office in a city or village of less than 30,000 population which contains the principal office of another banking institution.

One bill would leave the population figure at 30,000, while the other would reduce it to 25,000.

However, these restrictions would not apply to communities in which the principal office of a bank owned by a holding company was located.

Savings banks in New York City would be given the privilege of opening two new branches in the suburban areas included in the enlarged metropolitan district by both measures. The same restrictions that apply to commercial branches under Section 105 with respect to location would apply to savings banks. Branch privileges of upstate New York savings banks are left substantially the same as they are under existing law. Savings and loan associations would have same branch privileges as those proposed for savings banks.

With respect to holding companies operating in more than one banking district, the bills are also alike. For example, an upstate holding company would be barred from expanding its operations in the metropolitan district, if by so doing its assets within the district would exceed 35% of its total assets.

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**Paul D. Williams,** *Vice President, Fidelity-Philadelphia Trust Company,  
and former president of the National Association of Bank Auditors & Comptrollers*

**discusses the question  
of internal security**



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"Bank defalcations are on the increase. The best of audit systems cannot prevent entirely these dishonest acts. It has been demonstrated, however, that the danger of loss through peculations decreases as Audit Programs advance in effectiveness.

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his part to have his own work verified through checking by employees.

"Rotation of employees and regular vacations for all officers and employees are two of the best tools for effective internal auditing.

"Such an Audit Program, of course, is no substitute for an intensive audit conducted by Certified Public Accountants, particularly when the bank is not large enough to have a completely independent Audit Staff.

"Delay in installing such a program may be costly. Prompt action can be economical."

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## Views on Business

THE decline in business activity will be checked before long, and business should be moving ahead before the yearend, William F. Butler, vice-president, The Chase Manhattan Bank, told the Pennsylvania Bankers Association Investment Forum.

Factors that should make for an upturn:

(1) Business inventories will be drawn down to minimum working levels, perhaps by midyear, so orders and inventories must pick up.

(2) Government expenditures are slated to rise; state and local governments will spend more on roads, schools, etc., while Federal spending on defense is now increasing.

(3) Consumer markets will be well sustained in the near future, and may improve moderately in the second half of the year.

(4) Business investment and exports may well decline further, but strength in other sections of the economy should limit the decline in these fields and lay the foundation for possible upturns in 1958.

If these forecasts are correct, said Mr. Butler, "we should enter a new phase of general business expansion before the end of 1958. Such an upward thrust could place the economy in a situation of renewed inflationary pressures by late 1959 or 1960."

### Should End This Year

A longer and deeper recession than those of 1948-49 and 1953-54 is likely, in the opinion of Roy L. Reiersen, vice-president and chief economist of Bankers Trust Company, New York, although he believes the slump should end this year at a moderately lower business level.

The decline in spending on plant expansion and equipment is not expected to end soon, and there has been no lessening in the cost-price-profit squeeze, Dr. Reiersen told the New York Chamber of Commerce.

"The recent expansion, unlike some previous booms," he said, "has not been accompanied by widespread speculation in securities, commodities or real estate based on short-term credit. Nor is there any real prospect of forced liquidation of short-term credit on a larger scale."



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## W. A. McDonnell Heads U. S. Chamber of Commerce

**B**ANKERS throughout the country feel a special pride at the election of William A. McDonnell as president of the United States Chamber of Commerce.

Mr. McDonnell, chairman of the First National Bank in St. Louis, is an ardent advocate of the businessman's answering the call of civic duty, and has himself responded with years of work for the Chamber of Commerce, both locally and nationally. He has been treasurer and vice-president of the Chamber and succeeds Philip M. Talbot, senior vice-president of Woodward & Lothrop, Washington, D. C.

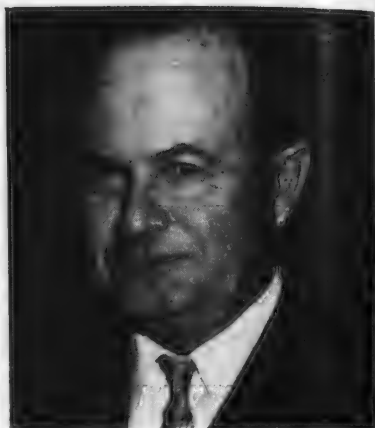
In an economic appraisal which he wrote last June, Mr. McDonnell cautioned that credit demands were rising at a faster pace than savings, and that it was time to give savings a chance to catch up.

When questioned about the current business decline, Mr. McDonnell told reporters that price cuts and tax cuts were two methods he favored

for meeting the present situation. As for the speed-up of Federal public works projects, this would "do some good, but its benefits are overstated."

"A new post office in Podunk," he said, "doesn't do much for the skilled man who is unemployed in Detroit." Labor and management's voluntarily keeping the lid on both wages and prices seems to Mr. McDonnell to be a better answer.

Mr. McDonnell, who is 63, graduated cum laude from Vanderbilt University, Nashville, Tenn., and in 1917 received his law degree from that school. After serving in World War I, he began practicing law in Little Rock, Ark., and in 1917 became vice-president of Federal Bank & Trust Company in that city. His banking career led him to Mercantile Commerce Bank & Trust Company of St. Louis, where he became a vice-president in 1944. In 1947, he became a vice-president of First National Bank in St. Louis, and one year



William A. McDonnell

later was made president of the bank. Last year he went from president to chairman of the board.

Besides being active in Chamber of Commerce affairs, Mr. McDonnell has devoted much time and effort to community and service projects.

From 1941-46, he was chairman, A.B.A. Bank Management Commission; has served on the Executive Council; and is now a member of the Advisory Committee on Special Activities.

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# Interest Rates and Economic Stability

E. SHERMAN ADAMS

*The following paragraphs are taken from a talk given recently at New York University by the American Bankers Association's deputy manager in charge of the Department of Monetary Policy.*

THE paramount economic problem confronting this generation is the problem of maintaining stable growth without inflation. A key factor in this problem is the flow of credit. From an economic standpoint, interest rates are significant primarily as they may affect the flow of credit and hence bear upon our central problem of economic stability.

Just how do interest rates influence the flow of credit? Conceivably, there could be important relationships between interest rates and (1) demands for credit, (2) the supply of nonbank credit, chiefly savings, and (3) the availability of bank credit.

As regards (1) the effects on

credit demands, we have no good evidence as to what the influence of interest rates may be over a long period of years. From a short-run standpoint, however, analysis of the demand for various types of credit leads to the conclusion that most borrowers are singularly uninfluenced by moderate changes in the cost of borrowing. To be sure, there appear to be some exceptions, notably in mortgage credit, but even here the amortization and downpayment terms are more important than rate. In general, changes in interest rates are seldom a major factor affecting the intensity of credit demands.

## Incentive to Savers

As regards (2) the supply of nonbank credit, the main question is whether interest rates are effective as an incentive to savers. Again evidence is lacking with respect to the long-range relationship that may exist between interest rates and the volume of savings. Again from the

short-run standpoint, however, the facts suggest the influence of interest rates on savings has frequently been exaggerated. A large part of total savings consists of the undistributed earnings and depreciation accruals of business firms, and these forms of savings are affected hardly at all by interest rates. As for individual savings, there is little evidence that rising interest rates actually induce people to spend less and save more, or vice versa.

And so I conclude, along with many others, that, at least in the short run, interest rates are seldom of great significance from the standpoint of their impact on credit demands or on the rate of savings. However, I part company at once from some who share this view but who have the naive notion that this is a breath-taking discovery that somehow invalidates the whole theory and practice of monetary management. This is nonsense for the simple reason that interest rates are inextricably related to the third

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factor in our demand-supply equation; namely, (3) the availability of bank credit.

Here, indeed, is the crucially significant aspect of interest rates that many people fail to appreciate. Despite all the talk these days about the importance of non-bank lending agencies, bank credit is still the strategic part of the credit supply. Also, it is the main channel through which monetary policy operates. And here is the point: Monetary policy cannot effectively influence the availability of bank credit without being reflected in interest rates. Flexible monetary policy requires flexibility of interest rates.

Most people can see that if the supply of credit greatly exceeds the demands of borrowers, its price is bound to decline. It should be equally apparent that if, when demands for credit are strong, the monetary authorities restrict the supply to less than is demanded, its price must rise. At such a time, interest rates could be prevented from rising only by inflating the supply, thereby causing monetary overexpansion. If inflation is to be avoided, there is no really workable alternative to credit restraint and rising interest rates.

### Postwar Demonstration

This has been amply demonstrated both here and abroad since the end of World War II. After the war most countries tried to adhere to cheap money policies but eventually scrapped them to escape their inflationary effects. Many devices were tried as substitutes for flexible interest rates but none was successful.

Briefly, if we are to maintain any semblance of stability in our economy, interest rates must be permitted at times to decline and at other times to rise. From an economic standpoint, this is their vital significance.

### TARDY DEDUCTION

In April I note  
With painful clarity,  
I should have given  
More to charity.

STEPHEN SCHLITZER





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## Electronic Banking

(CONTINUED FROM PAGE 53)

to the one described above. Experience shows them to have high reader-ship value and long life.

### Follow-Up Stage

In Stage 3 the emphasis is on a continuing campaign to come as close as possible to achieving the 100% customer cooperation necessary in the use of code numbers. More than in any other phase of the program, this stage dictates the continual utilization of every worthwhile medium to achieve that goal. Admittedly, this can be a long-range effort. But unless its need is recognized and consistently built upon, even the accomplishments of the two preceding stages could be minimized.

**Thank-You Card.** Under the guise of Thanks to Our Customers, this device actually reminds the customers once again to use their code numbers. It also solicits the cooperation of those who are now consistently using the code numbers. This can be mailed separately or inserted in statements.

**Welcome Card.** This is a necessity because, after the initial distribution of the identification cards, the bank must continue to educate its new customers. A combination welcome-identification card will complete the dual job of public relations and customer education.

**Pocket Checkbook Blotters.** Miniature blotters can be sized to fit conveniently in the customer's checkbook. There are two in the series, each containing a hard-selling urge—again—to use the code number when writing checks and deposit slips.


Each element is important if the bank is to obtain the maximum value from its campaign. All are important, because only if a bank realizes that an effective plan should be complete and continuous will its program serve as a constructive public relations vehicle. Haphazard or incomplete planning can produce only indifferent results.

Electronic banking, like the "horseless buggy," is here to stay. Educating the public to its use in-

volves long-range planning and follow-through. And it logically follows that a carefully planned customer education program must recognize the importance of *continuity*. This will be much less costly, on a per-customer basis, than to pay for the clerical help necessary manually to encode, hand sort, and process the accounts of customers who fail to use their code numbers. The bank is better off to rely on a sound, long-range program to carry the selling load than it would be to have to pay for full-time clerks and, at the same time, lose the efficiency advantages of the electronic system.


### Variety of Media Is Important

The important fact uncovered by our studies is that a campaign is strengthened as much by the variety of media as it is by the *constant repetition* and complete coverage of the basic media. Continuity—and a willingness to follow through—are the essentials! It is difficult to surpass the advantages of the printed word to reach a bank's personnel, its customers, and the general public—quickly and economically.



You depend on your Chief Teller because he has *experience*. Enjoy the same confidence when you buy Bankers Blanket Bonds. See National Surety Corporation for a reliable FUND OF EXPERIENCE that can save you time and serve you better. Be certain! Be protected by . . .

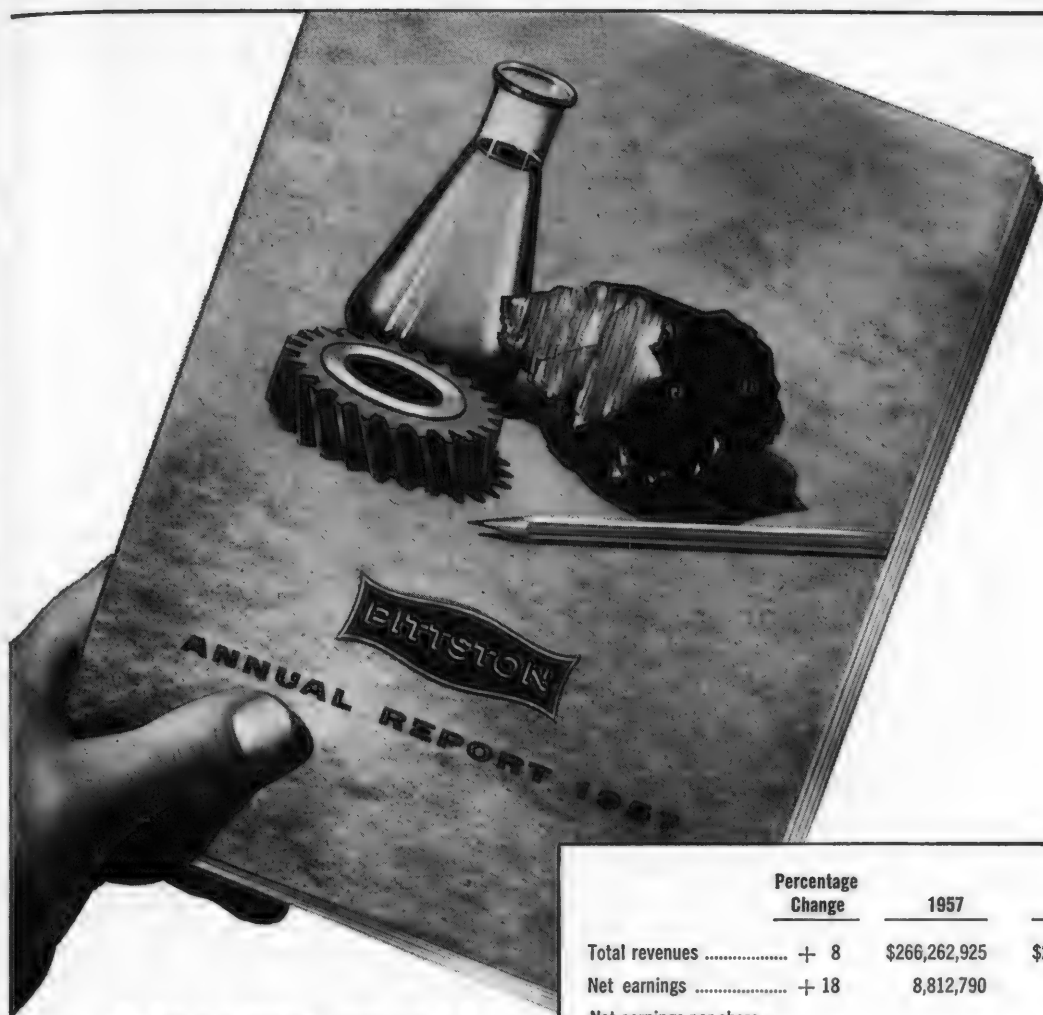
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## Thumbnail sketch of another year of progress



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	Percentage Change	1957	1956
Total revenues .....	+ 8	\$266,262,925	\$246,204,246
Net earnings .....	+ 18	8,812,790	7,438,038
Net earnings per share of common stock .....	+ 19	7.15	6.02*
Cash dividends .....	+ 29	2,538,003	1,961,345
Stock dividends .....	- 17	2,428,244	2,926,980
Depreciation, depletion and amortization .....	+ 18	5,791,699	4,898,648
<b>AT YEAR END</b>			
Total assets .....	+ 1	151,866,906	150,059,645
Net current assets .....	+ 69	33,450,495	19,775,124
Fixed assets (net of reserves) .....	+ 4	73,955,654	71,029,865
Long term debt .....	+ 28	51,485,059	40,358,075
Stockholders' equity .....	+ 12	61,458,296	54,931,550

\*Adjusted to give effect to stock dividend paid in 1957.

Clinchfield Coal Company Division, Dante, Va. and Clarksburg, W. Va. • Lillybrook Coal Company, Affinity, W. Va. • Amigo Smokeless Coal Company, Affinity, W. Va. • Metropolitan Petroleum Corporation, New York • Maritime Petroleum Corp., New York • Globe Fuel Products, Inc., Chicago, Ill. • Metropolitan Coal Company, Boston, Mass. • Pittston Clinchfield Coal Sales Corp., New York • Davis-Clinchfield Export Coal Corporation, New York Routh Coal Export Corp., New York • United States Trucking Corporation, New York Baker & Williams, New York • Tankport Terminals, Inc., Jersey City, N. J. • Plattsburg Terminal Corporation, Plattsburg, N. Y. • Pittston Marine Corporation, New York.

Copy of 1957 Annual Report will be sent on request

## Washington

(CONTINUED FROM PAGE 36)

interesting reading. For instance, he said:

"Using monetary policy in a period of recession to fight inflation in the administered prices of the giant monopolies is to outdo Don Quixote in tilting at windmills."

And in the next paragraph he has a reference to banks: "Easing monetary policy should take the form of open market operations rather than a reduction in the reserve ratios of member banks. The latter method denies to Government its 'commission' on an increase in credit and money, and is a clear windfall to the banks."

The feeling here is that if money will turn the recession, then by any and all means open wide the faucets. And this feeling runs pretty much through both parties and the executive agencies of the Government. How different the scene is from last year may be seen in the fact that a witness for 23 state Chambers of Commerce who advocated a tax cut as well as cuts in Federal spending was so unusual he made news at a House Ways and Means Committee hearing.

Congress paved the way for all this spending by raising the debt

ceiling from \$275-billion to \$280-billion, despite the best efforts of Senator Harry F. Byrd of Virginia to hold it to \$278-billion.

There will be more from Senator Byrd in the weeks to come. His Senate Finance Committee should be resuming its investigation of the financial condition of the country about the time this April issue of **BANKING** is published. The pressure of other legislative matters has delayed resumption of the committee probe.

This delay could be politically fortunate for the Democrats, because about the time the committee sessions are under way March unemployment statistics and other economic indicators should become known. If the picture is bad, the Democrats can make it hot for the Administration.

### Financial Pulse Taken

The 12 Federal Reserve bank presidents and others of a few key banks, corporation officials, economists, professors, and heads of some business and trade organizations have received a questionnaire from the Senate Finance Committee. The committee is endeavoring to get a selected cross-section of opinion about the financial condition of the country. The returns will be studied and a staff report probably made.

### Housing

In the field of housing, events are moving fast to make \$1,850,000,000 available at attractive rates and conditions to stimulate housing.

On February 27 Senator John J. Sparkman of Alabama, chairman of the Subcommittee on Housing of the Senate Banking and Currency Committee, introduced a comprehensive housing bill, announcing that he wanted to "turn the ill-wind of housing shortages into a trade-wind of prosperity."

On March 4 a hearing was held at which key Government witnesses were heard. Two days later a bill (S. 3418), heralded as "1958 Emergency Housing Legislation," was reported out. **BANKING** was told that it contains most of the important provisions that the Administration sought in S. 3399, which Senator Homer E. Capehart of Indiana, ranking minority member of the committee, submitted on request.

It goes almost without saying that a measure of this kind under the circumstances has so much political appeal that it is virtually assured of a safe and speedy passage through both Houses into law. As the Senate Housing Committee in its report on S. 3418 said:

"The housing industry, with proper assistance, can make a significant contribution to stabilizing the nation's economy, while at the same time providing housing to fill unmet needs."

The report estimated that each housing unit built in recent years has provided between two and one-half and three man-years of employment, composed of one man-year of employment on the job, one man-year of employment directly in the factories producing the materials that go into the house, and an additional half man-year to a year in such related items as transportation of materials and in the multiplier effect of new home building in such fields as retail sales, additional commercial construction in growing communities, and the like. The report continued:

"Assuming a volume of 200,000 units produced as a result of this bill, it would appear that employment could be increased during a 1-year period by 500,000 to 600,000 man-years of work.

"So far as new homes are concerned, this would provide, in the

When Percival F. Brundage (right) resigned midmonth as Director of the Budget, the President appointed Deputy Director Maurice H. Stans (left) to take his place



UNITED PRESS



remainder of 1958 alone, markets for an additional: 2½-billion feet of lumber; 900,000,000 to 950,000,000 bricks; 460,000,000 pounds of cement; 400,000 tons of steel; 1,800,000 doors; 2,000,000 kitchen cabinets; 2,000,000 asphalt roofing shingles; 5,000,000 wall plug outlets; and 2,200,000 electric switches."

Congress will buy that kind of talk.

The committee reported that its bill will make the following major changes in existing law:

(1) It reduces the minimum downpayment requirements for FHA sale-type housing programs by requiring only 3% of the first \$13,500 of value.

(2) It authorizes an additional \$1.55-billion for the Federal National Mortgage Association to use in purchasing FHA and VA mortgages (\$500,000,000 to be allocated by the President, \$25,000,000 for regular military housing mortgages, \$25,000,000 for housing at research and development centers, and \$1-billion for new FHA and VA mortgages not exceeding \$13,500).

(3) It extends the VA direct loan program and authorizes \$150,000,000



UNITED PRESS

Sen. Harry F. Byrd (D., Va.), whose name even in New Deal days stood for economy in the Federal Government, has reversed his earlier decision not to run again for the Senate. He is shown holding a few of the letters and telegrams urging him to continue his Senate career

for each of the next two fiscal years.

(4) It extends the loan guaranty program for two years and authorizes an interest rate ceiling of 4¾%, an increase of ¼%.

(5) It authorizes an interest rate

ceiling of 4½% for military housing mortgages.

(6) It repeals unworkable provisions in existing law relating to mortgage loan discounts.

Effective April 15 the Federal Home Loan Bank Board is authorizing the regional Federal Home Loan banks to extend credit up to a maximum of 5% of a member's withdrawable share capital on separate loans having a maturity of approximately five years. Funds advanced under this program will be in addition to those now available under the present 12½% limitation. FHLB Chairman Albert J. Robertson pointed out that, in contrast to the short-term advances to member institutions, which serve to meet seasonal needs, the newly authorized advances will provide for an expansion of the lending potential of the bank members.

In connection with housing, Governor Abbot L. Mills, Jr., of the Federal Reserve Board made a point about the shifting of credit funds. During the Senate Banking and Currency Committee hearing in February on the confirmation of his reappointment to the Board of Gov-



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Our corporate customers and correspondent banks make regular use of our unique tri-state banking operation. With seventeen complete banking offices, The Bank of California provides on-the-spot credit information, fast collection of items, concentration of funds, and all other banking services in all three Pacific Coast states...California, Oregon and Washington.

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ernors for a 14-year term, Governor Mills called attention to the fact that industry outbid housing construction for use of savings funds for a while. He said:

"... now that the very strong demand for credit with which to finance the expansion of plant capacity in the country has subsided... credit factors have been released which can now find employment in other areas of economic activity. There is now some slight indication that unused credit factors are engaging themselves more actively in the field of construction than was true of some months ago."

At another point in the hearing Senator Paul H. Douglas of Illinois discussed the relationship of the availability of credit to demand. Reminding Governor Mills that lending went unused in the early Thirties despite low interest rates, he commented, "So the mere ability to lend does not necessarily create a loan."

Governor Mills found that "so long as there is a spirit of confidence and a reasonable willingness for venture-taking, you will find that... reflected in a demand for... and use of credit that is economically helpful."

Governor Mills was exceptionally articulate, and the record of the hearing is an excellent synopsis of the thinking behind recent Reserve Board actions.

### FDIC Audit Again

The perennial effort to subject the Federal Deposit Insurance Corporation and other "mixed-ownership" Government corporations to an annual budget review, including limitations on its use of its funds, by the Bureau of the Budget would appear at this writing to have died in the House Committee on Government Operations. The committee held hearings on the proposal, which was contained in a bill to amend the Government Corporation Control

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A ten-spot used to buy a lot

Of necessary raiment,

But nowadays we're lucky if

It covers the down payment!

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BANKING



"I'd probably work out pretty well in the loan department. I've been borrowing money from Dad for years!"

Act in accordance with the recommendation of the President in his last two Budget Messages.

Chairman Jesse P. Wolcott, as his predecessors in the FDIC, fought it on the grounds that such a move would impair the independence of the FDIC, impede the continued exercise of the powers Congress gave it, and subject it to political influence. He pointed out that the FDIC is already subject to an annual audit by the General Accounting Office, which is an arm of the Congress, and makes an annual report to the Congress.

William F. Finan, assistant director for management and organization in the Budget Bureau, argued that the FDIC has a \$3-billion call on the Treasury and that the full amount of insured deposits totaling more than \$119-billion is included by the Treasury in its compilation of the long-range commitments and contingencies of the U. S. Government.

At the hearings Representative Wright Patman of Texas urged that the Federal Reserve System and also the Comptroller of the Currency come under annual scrutiny by the GAO. He protested that the only auditing of the Fed's books is by its own employees. He declared that the results are not made public and parts of the audits cannot even be seen by Congressional committees.



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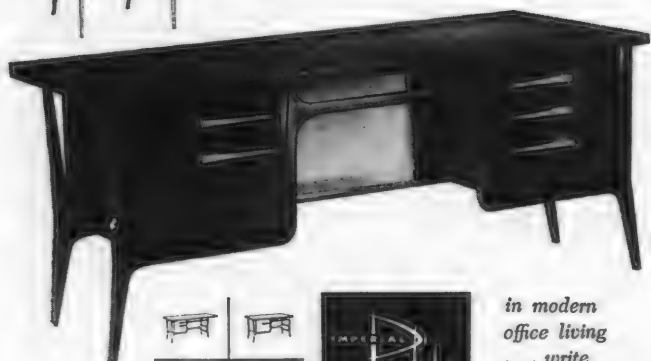
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## New York Banking Structure Study

NEW light has been shed on competition between commercial banks and mutual savings institutions in a study recently released by New York State Superintendent of Banks George A. Mooney. The study, which is concerned with the banking structure of New York State, was directed by Dr. Donald H. Davenport of the Business Research Center of Syracuse University, under the sponsorship of the State Banking Department.

Among the findings on commercial-mutual competition was that, while the presence of a savings institution affected levels of time deposits and other balance sheet accounts, earnings and profits of commercial banks were not adversely affected by the presence of savings institutions in their communities.

### Varied Conclusions

Other conclusions of the study were:

(1) The existence of over 500 bankless towns containing over 10% of the upstate population suggests that there is still room for improvement in providing convenient banking service to the public.

(2) Important structural changes in banking have taken place over the postwar period. Outstanding was the growing dominance of branch banking systems. From less than one-half of upstate banking assets in 1945, branch banking systems accounted for almost three-quarters of the total in 1955.

(3) Much of the increase in branch banking was accounted for by postwar merger developments. Banking facilities available to the public did not decline, since in nearly all instances, merged banks were converted to branches. When new branch openings are included, the total of banking offices shows an increase over the postwar period.

(4) Despite the number of mergers and growth in branch banking, competition in banking remains highly effective in New York State. The Syracuse study also shows, (CONTINUED ON PAGE 126)



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## Statement of Condition

Condensed Statement of Condition as of March 4, 1958

### RESOURCES:

Cash and Due from Banks .....		\$193,649,246.70
U. S. Government Bonds .....	\$153,897,757.29	
Municipal Bonds and Warrants .....	14,126,469.97	
Federal Reserve Bank Stock .....	1,380,000.00	
Other Investments .....	3,987,854.05	173,392,081.31
Loans and Discounts .....		230,259,079.06
Federal Funds Sold .....		22,000,000.00
Bank Premises .....	9,246,410.00	
Furniture and Fixtures .....	1.00	
Other Real Estate .....	25.00	9,246,436.00
Interest on Securities and Other Income Earned—Not Collected ..		2,237,704.01
Customers' Liability on Letters of Credit .....		5,629,846.63
<b>TOTAL RESOURCES .....</b>		<b>\$636,414,393.71</b>

### LIABILITIES:

Capital Stock .....	\$ 23,000,000.00
Surplus .....	23,000,000.00
Undivided Profits .....	5,587,499.79
<b>TOTAL CAPITAL ACCOUNT .....</b>	<b>\$ 51,587,499.79</b>
Reserve Accounts .....	5,668,631.48
Liability on Letters of Credit .....	5,629,846.63

### DEPOSITS:

Individual .....	\$434,601,439.46
Banks .....	131,225,245.02
Government .....	7,701,731.33
<b>TOTAL LIABILITIES .....</b>	<b>\$636,414,393.71</b>

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(CONTINUED FROM PAGE 124)

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probably for the first time, an important degree of inter-community competition. This indicates that the public exercises its choice among banking facilities over a wider area than is indicated by place of residence. Opinions held by some regarding so-called local monopolies in upstate areas tend to be disproved by the results of the study. Between one-fourth and one-third of the commercial banks reporting said that 15 to 20% of their depositors and borrowers came from areas outside their local community or immediate environs. Similar results were reported by savings institutions.

(6) At least as important as competition was rate of growth of communities as a factor in banking's structure and operations. Community growth giving rise to lending opportunities appeared to rival in importance the presence of competing banks. In substantially growing communities, banks had a ratio of loans to assets of 42%, while those which grew less had a lower ratio, 38%.

(7) A major shift has taken place in the relative importance of state as against Federal banking supervisory responsibility in New York State over the postwar period as the outcome of the many changes summarized in the study. Measured by assets, the division of supervisory responsibility pointed toward the state authority becoming more important within the framework of the dual banking system.

### Broad Coverage

All institutions, with the exception of 11 small national banks, consented to the use of their financial statements for purposes of the study. A particularly noteworthy result of this unprecedented scope, according to Superintendent Mooney, was the wholly original approach to banking statistics on a community-by-community basis. All of the 62 cities and more than 900 towns of New York State entered into the final compilations.

*All Communist countries have a two-party system: the dictators and the spectators.*

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# INSURANCE AND ECONOMIC SECURITY

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### United States Resources - December 31, 1957

COMPANIES OF THE COMMERCIAL UNION GROUP	*ADMITTED ASSETS	LIABILITIES	CAPITAL OR STATUTORY DEPOSIT	SECURITIES DEPOSITED AS REQUIRED BY LAW	SURPLUS TO POLICYHOLDERS (Including Capital)	
					ANNUAL STATEMENT BASIS	MARKET VALUE BASIS
Commercial Union Assurance Co. Ltd. † ORGANIZED 1861	\$ 33,011,657	\$21,066,122	\$ 500,000	\$1,184,131	\$11,945,535	\$11,495,686
The Ocean Accident & Guarantee Corp. Ltd. † ORGANIZED 1871	42,684,345	32,662,010	850,000	1,259,977	10,022,335	9,507,705
American Central Insurance Company ORGANIZED 1853	16,151,251	8,811,020	1,000,000	987,708	7,340,231	7,073,458
The British General Insurance Co. Ltd. † ORGANIZED 1904	3,642,482	1,292,347	500,000	949,120	2,350,135	2,280,407
The California Insurance Company ORGANIZED 1864	9,648,630	5,472,413	1,000,000	1,002,013	4,176,217	4,036,038
Columbia Casualty Company ORGANIZED 1920	23,900,325	17,408,408	1,000,000	932,133	6,491,917	6,071,077
The Commercial Union Fire Ins. Co. of N.Y. ORGANIZED 1890	7,641,793	4,341,661	1,000,000	452,294	3,300,132	3,160,258
The Palatine Insurance Company Ltd. † ORGANIZED 1886	5,909,028	3,047,371	500,000	1,057,338	2,861,657	2,743,661
Union Assurance Society Limited † ORGANIZED 1714	5,633,597	3,020,807	500,000	1,068,745	2,612,790	2,528,651
<b>Total - Group</b>	<b>\$148,223,108</b>	<b>\$97,122,159</b>	<b>\$6,850,000</b>	<b>\$8,893,459</b>	<b>\$51,100,949</b>	<b>\$48,896,941</b>

† United States Branch      The Amount shown under "Capital or Statutory Deposit" is the amount required in order to transact business in the United States.

\* Includes Securities Deposited as required by Law.

**Two phases of security**—Military and Economic—today are much in the minds of every American. Military security denotes strength for the defense of our beloved land and our freedom. Economic security is the financial strength of our citizens and their homes, our natural resources, industries and businesses, to produce and create the wealth for our country's safe defense and to provide the highest standard of living in the world. Tremendous assets, physical and monetary, are the core of our economic strength • Insurance, without doubt, is the most important single security factor that sustains America and its citizens. It underlies and protects all of our enterprise and our assets by providing indemnity to assure recovery from financial losses and the ability to continue production, in the event of accidents and disasters. And the strength of insurance is the integrity, the soundness of management and the financial resources of the company in which you are insured. • The standing of our companies is well demonstrated in the 1957 annual statement of our United States Resources, presented here for your examination.

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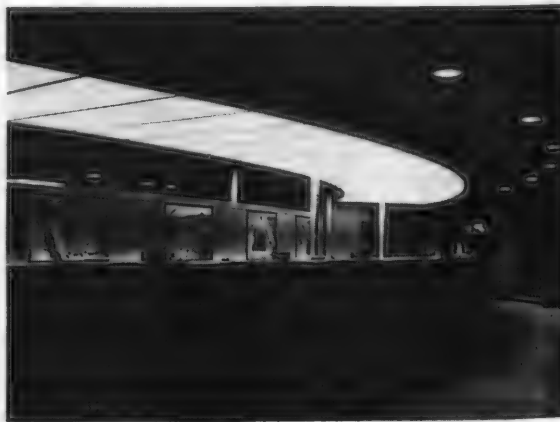
## For the Building Scrapbook



ABOVE, LEFT — Westland branch of First National Bank of Jackson, located in Mississippi's largest shopping center. LEFT — First State Bank and Trust Company of Eustis, Florida, has walk-up window as well as two drive-ins and parking facilities for 60 cars. They are on the right side of building as shown in photo. Building designed by Bank Designers of America, Inc.



ABOVE, LEFT — One-story and mezzanine structure of First Western Bank of Los Angeles combines brick, porcelain enamel, aluminum, and ceramic. Designed by C. M. Deasy, A.I.A. ABOVE, RIGHT — New modern Berea Branch, The Cleveland Trust Company, Cleveland, Ohio. BELOW, LEFT — Triangular shaped drive-in of The Citizens State Bank, Sturgis, Mich., designed by firm of Randall Wagner. BELOW, RIGHT — Photos of local industry are displayed behind semi-circular tellers' counter of Peoples National Bank, Barre, Vt.

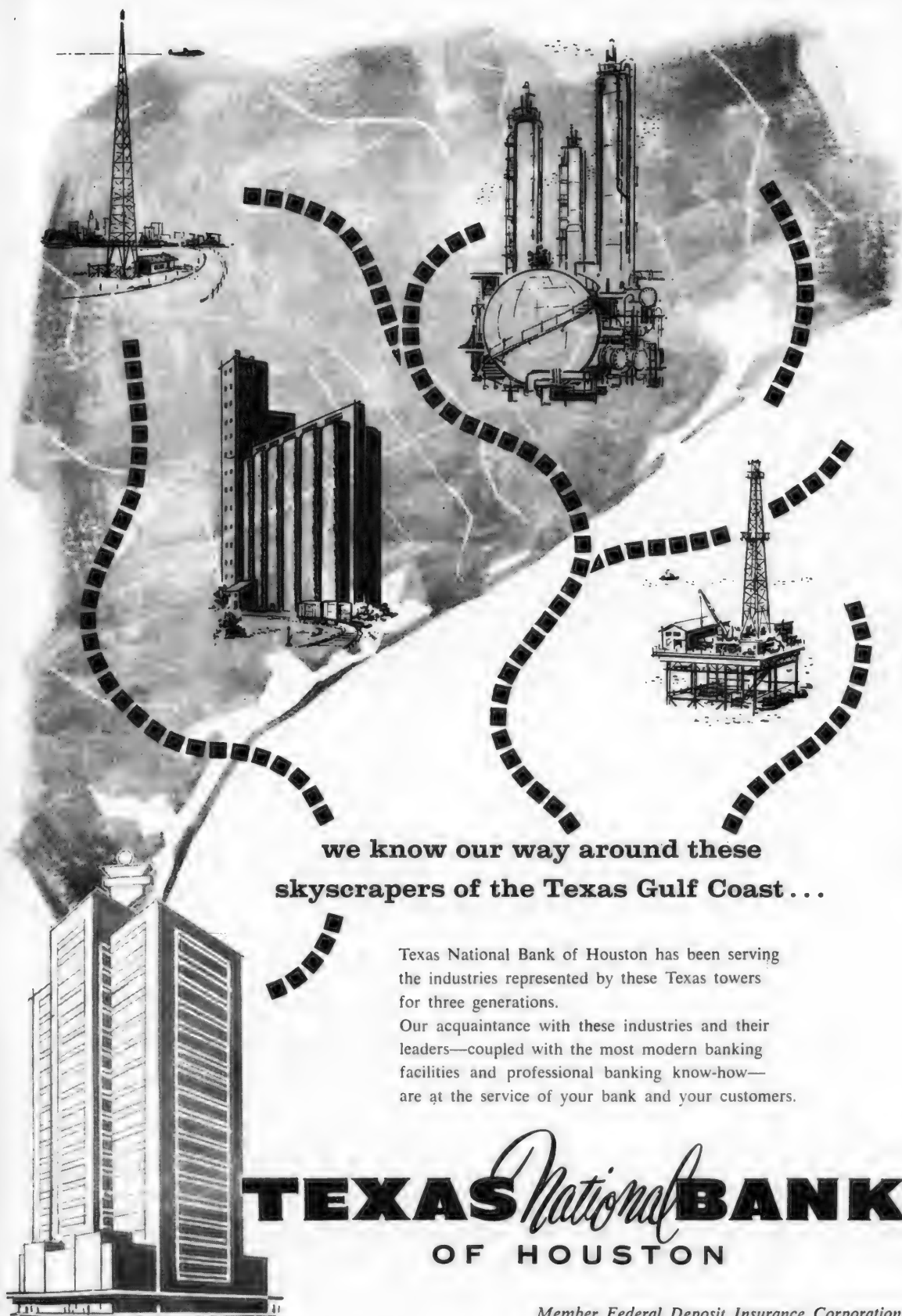




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the industries represented by these Texas towers  
for three generations.  
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leaders—coupled with the most modern banking  
facilities and professional banking know-how—  
are at the service of your bank and your customers.

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**OF HOUSTON**

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# A.I.B.'s 56th Convention-Committee Chairmen

**C**HAIRMAN of committees for the 56th annual convention of the American Institute of Banking, educational section of the American Bankers Association, have been announced by A.I.B. President George Clark. The convention will be held in Kansas City, Mo., June 2-6. Mr. Clark is assistant vice-president of the Security-First National Bank, Los Angeles.

Joseph C. Williams, Commerce

Trust Company, Kansas City, will serve as general chairman, General vice-chairmen will be: Edward L. Bittner, First National Bank, Kansas City; Maurice Breidenthal, Jr., Security National Bank, Kansas City, Kans.; D. W. Woolley, Federal Reserve Bank of Kansas City; Robert L. Greene, City National Bank and Trust Company, Kansas City; and James Nicol, First National Bank, Independence.

Roland Petering, Mercantile Bank and Trust Company, Kansas City, will be convention secretary, and William F. Brown, Columbia National Bank, Kansas City, will be treasurer.

Other local committee chairmen and vice-chairmen are (all of Kansas City, except as indicated):

**DEBATE:** Alma Cross, First National Bank, chairman, and Norbert W. Anderson, Fidelity State Bank, Kansas City, Kans., vice-chairman.

**ENTERTAINMENT:** Richard L. Dunlap, Commerce Trust Company, chairman, and William Deuser, First National Bank, vice-chairman.

**HALLS AND MEETING PLACES:** W. R. Warner, Union National Bank, chairman, and George Stewart, Federal Reserve Bank, vice-chairman.

**HOSPITALITY:** Erwin W. Steinbeck, Commerce Trust Company, chairman, and Maxine Calhoun, Victory State Bank, Kansas City, Kans., vice-chairman.

**HOTELS:** E. U. Sherman, Federal Reserve Bank, chairman, and Ted M. Hutsler, Traders National Bank, vice-chairman.

**INFORMATION:** L. H. Johanson, Manufacturers and Mechanics Bank, chairman, and Phil McDonald, Commercial National Bank, Kansas City, Kans., vice-chairman.

**PERSONNEL:** Robert E. Thomas, Federal Reserve Bank, chairman, and G. Woodrow Ballew, City National Bank and Trust Company, vice-chairman.

**PUBLIC SPEAKING:** Dee F. White, Wornall Bank, chairman, and Warren R. Haskin, Westport Bank, vice-chairman.

**PUBLICITY:** Fordice Rogers, Commerce Trust Company, chairman, and Don Alexander, Federal Reserve Bank, vice-chairman.

**REGISTRATION:** Claude F. Pack, Home State Bank, Kansas City, Kans., chairman, and M. K. Mabry, City National Bank and Trust Company, vice-chairman.

**TRANSPORTATION:** Charles O'Connor, First National Bank, chairman, and F. Phillips Giltner, City National Bank and Trust Company, vice-chairman.

**UTILITY:** Cyril Jedlicka, City National Bank and Trust Company, chairman, and George E. Hursig, Mercantile Bank and Trust Company, vice-chairman.

**WOMEN'S:** Rose Ziph, First National Bank, chairman, and Golda Carpenter, Commerce Trust Company, vice-chairman.



## STATEMENT OF CONDITION AT CLOSE OF BUSINESS

MARCH 4, 1958

### RESOURCES

CASH AND DUE FROM BANKS.....	\$ 66,987,467.01
UNITED STATES GOVERNMENT SECURITIES.....	54,137,691.89
OBLIGATIONS OF STATES AND POLITICAL SUBDIVISIONS.....	10,617,578.39
OTHER BONDS, NOTES AND DEBENTURES.....	148,604.20
STOCK FEDERAL RESERVE BANK.....	510,000.00
LOANS AND DISCOUNTS.....	120,523,697.75
FEDERAL FUNDS SOLD.....	5,000,000.00
INCOME EARNED—UNCOLLECTED.....	699,442.23
BANKING HOUSE AND GARAGE PROPERTY.....	3,728,111.04
FURNITURE AND FIXTURES.....	1.00
OTHER REAL ESTATE.....	1.00
CUSTOMERS' LIABILITY—LETTERS OF CREDIT.....	266,500.00
OTHER RESOURCES.....	20,829.68
<b>TOTAL.....</b>	<b>\$262,639,924.19</b>

### LIABILITIES

<b>CAPITAL ACCOUNT:</b>	
COMMON STOCK.....	\$ 8,500,000.00
SURPLUS.....	8,500,000.00
UNDIVIDED PROFITS.....	2,338,315.83
<b>RESERVE FOR CONTINGENCIES.....</b>	<b>3,850,106.41</b>
RESERVE FOR DIVIDEND DECLARED.....	212,500.00
RESERVE—AMORTIZATION OF BOND PREMIUMS.....	232,818.52
RESERVE—TAXES, INTEREST, EXPENSE, ETC.....	1,430,906.86
LETTERS OF CREDIT ISSUED.....	266,500.00
INCOME COLLECTED—UNEARNED.....	1,125,076.87
<b>DEPOSITS:</b>	
INDIVIDUAL.....	\$177,679,050.20
BANK.....	44,511,192.12
U. S. GOVERNMENT.....	3,622,420.00
OTHER PUBLIC FUNDS.....	10,371,037.38
<b>TOTAL.....</b>	<b>236,183,699.70</b>
	<b>\$262,639,924.19</b>

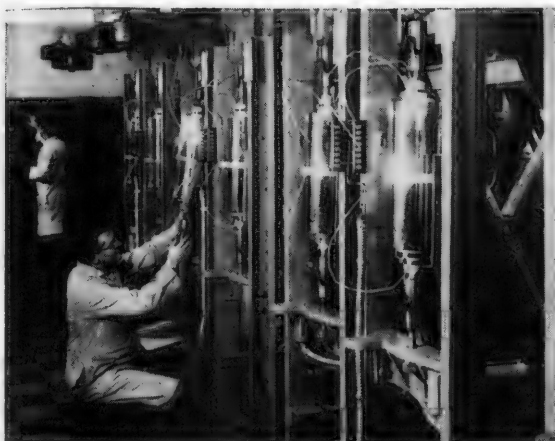
U. S. Government and other securities carried at \$32,307,736.72 in the above statement\* are deposited to secure public funds and for other purposes required or permitted by law.

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*The effort to keep straight may be either a moral struggle or a diet.*

# Industrial Miracle:

**7¾-cent steel**



In laboratories at U. S. Steel's new research center at Monroeville, Pa., we are making today's steel a better value. There, too, we are developing steel to withstand heat from atmospheric friction as no other metal can, for supersonic flights of the future. A long-range program is aimed at developing a metal twice as strong as any now existing. Here, research men are working on new high temperature alloys.

**MOST MEN AND WOMEN** would have no earthly use for an ingot of steel. So you may not have the remotest idea of what steel costs.

Actually, for all of the steels that it ships, United States Steel gets an average of 7¾ cents a pound. Less than a dime still buys a commodity whose manufacture requires billions of dollars worth of equipment, the skills of hundreds of thousands of men, and mountains of raw materials gathered from many parts of the world!

Since steel in some form touches your life every day, we think you'll be interested in what U. S. Steel is doing to keep steel the cheapest of all common metals.



To make steel cheaper to use, U. S. Steel supplies it in hundreds of convenient forms, to thousands of individual plants which process, fabricate and assemble steel products for sale. However, even in a product that is mostly steel, the cost of the steel is one of the smallest factors. An unusual order for steel was this plate mill roll, the world's largest, forged and machined at a U. S. Steel plant.



To hold costs and prices at the lowest possible level through increased operating efficiency, U. S. Steel is continually improving its facilities. For example, shown above is one of U. S. Steel's new sintering plants scheduled to start operation in the Fall of 1958. Upon completion, the plant will produce 15,000 tons of sintered ore daily for U. S. Steel

blast furnaces in the Monongahela Valley. In the face of mounting costs of new equipment and inadequate depreciation allowances, we have spent three and one-half billion dollars on improved facilities since 1945. Modernization programs in the Pittsburgh and Chicago districts, and in the West, will soon increase capacity over two million ingot tons.

*Watch the United States Steel Hour on television. See your local newspapers for time and station.*



**United States Steel**

## News for Country Bankers

(CONTINUED FROM PAGE 84)

programs for rural communities.

Leading bank executives in the agricultural credit field and the Commission's Advisory Council drawn from the faculties of agricultural colleges in various states were in attendance. During the two days, the Commission and the Subcommittee met jointly and separately to consider various aspects of the agenda.

### Three Simultaneous Sessions

At one point the two groups were divided into three simultaneous sessions. The first of these considered a study of material which is currently being received by the Agricultural Commission from a survey of agriculturally trained men in banking. This is a major study under way to encourage more banks to hire farm-trained men and to develop material to acquaint youth with the job opportunities in rural banking.

A second group gave consideration to the results of a recent Commission survey of county key bankers on contract farming and some material pertaining to the Rural Development Program.

And the third group, composed entirely of the Subcommittee on Agricultural Credit, considered legislative matters affecting farm credit.

The San Antonio Clearing House Association entertained the visiting bankers at dinner, after which they heard an address by Charles N. Shepardson, member, Board of Gov-

ernors, Federal Reserve System, Washington, D. C.

At the second morning session, committees of the Commission reported on bank-agricultural programs, youth activities, agricultural credit, Commodity Credit Corporation lending procedures, rural development, and contract farming. Dr. O. B. Jesness, head, emeritus, Department of Agricultural Economics, University of Minnesota, St. Paul, discussed "The Nature of the Farm Problem" at the concluding session.

### Commission Members

Harry W. Schaller, Commission chairman, and president, Citizens National Bank, Storm Lake, Iowa, presided at all sessions. Other Commission members in attendance included: William C. Clary, Jr., president, Bank of Toccoa, Ga.; Charles K. Johnson, president, First National Bank, Artesia, N. M.; John W. Scott, president, Valley Bank of Grand Forks, Gilby, N. D.; Frank W. Black, executive vice-president, Peoples National Bank, Barre, Vt.; John H. Crocker, chairman and president, Citizens National Bank, Decatur, Ill.; Roy G. Shaull, vice-president and trust officer, Harrisburg National Bank, Mechanicsburg, Pa.; Rex B. Stratton, assistant vice-president, Security Trust & Savings Bank, Billings, Mont.; S. E. Babington, president, Brookhaven Bank & Trust Company, Brookhaven, Miss.; Richard H. Clark, assistant vice-president, Walker Bank & Trust Company, Salt Lake City; L. R. Driver, president, First National Bank in Bristol, Tenn.; Royal L. Mullins, president, The Wolfe City National

Bank in Wolfe City, Texas; Edgar T. Savidge, deputy manager, A.B.A., and Commission secretary; and Lawrence E. Kreider, assistant secretary.

### Advisory Council

Advisory Council members in attendance included: Dr. Van B. Hart, professor of farm management, New York State College of Agriculture, Cornell University, Ithaca; Dr. O. B. Jesness; S. J. Brennen, extension economist, University of Georgia, substituting for W. A. Sutton, director, Agricultural Extension Service, University of Georgia, Athens; Dr. Tyrus R. Timm, head, Department of Agricultural Economics and Sociology, Texas A. & M. College, College Station; and Dr. G. B. Wood, head, Department of Agricultural Economics, Oregon State College, Corvallis.

### Subcommittee on Credit

All members of the Subcommittee on Agricultural Credit were in attendance. They are George H. Stebbins, president, Simsbury (Conn.) Bank and Trust Company, *chairman*; T. P. Axton, president, Lafayette (Ind.) Savings Bank; Carl G. Breeze, president, Bank of Kremmling, Colo.; William E. Drenner, president, The City National Bank, Fort Smith, Ark.; R. A. Evans, president, Central National Bank, Carthage, Mo.; Otto Kotouc, Jr., president, Home State Bank, Humboldt, Nebr.; Conwell Sykes, president, Commercial National Bank, Greenville, Miss.; and Jonathan A. Woody, executive vice-president, First National Bank and Trust Company, Waynesville, N. C.

A.B.A. Agricultural Commission and Advisory Council meeting in San Antonio. Seated, left to right, Messrs. Shaull, Scott, Babington, Schaller (chairman), Crocker, and Stratton. Standing, left to right, Messrs. Wood, Clary, Driver, Hart, Mullins, Black, Clark, Johnson, Jesness, and Timm.





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## New Books

**TRAINING AND DEVELOPING SALESMEN.** Sales Executives Club of New York. Printers' Ink Books, Inc., New London, Conn. 79 pp. \$15. This is the Club's Report No. 5 on current policies and practices in sales management and marketing techniques. Designed as "a working tool for the sales executive who wants to keep ahead of competition—or merely to keep up with it," the report investigates selection and advancement of salesmen, aspects of effective selling, the salesman's personal and emotional characteristics, and selfimage.

**HOW LIFE INSURANCE CAN SERVE YOU.** By M. Albert Linton. Harper, New York. 107 pp. \$2.50. Guidance on the basic usefulness, versatility and permanent values of insurance; benefit payments during inflation; uses of term insurance; balancing protection and investment.

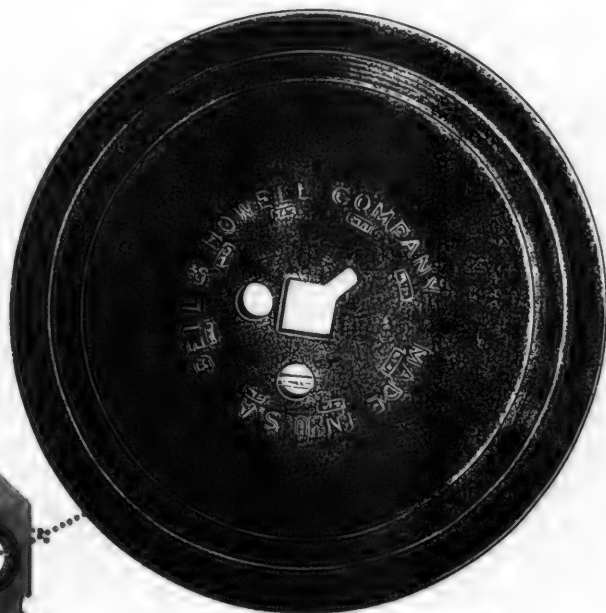
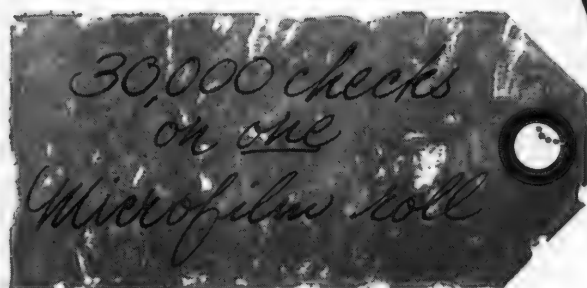
**MAJOR TENDENCIES IN BUSINESS FINANCE.** National Association of Manufacturers. 59 pp. \$1. An analytical discussion, with statistics, of the sources and applications of business funds, and a perspective view of the process. Inflation, it is found, has disguised the basic problem—the inadequate supply of venture capital. In recent years business has financed the expansion of its assets largely by borrowing, and has approximately tripled its indebtedness since 1939. Simultaneously, the price level has doubled and sales have quintupled, minimizing the real burden of business debt. "The continuation of inflation could only lead to a general economic catastrophe which might destroy our business system as we know it."

**FINANCIAL INTERMEDIARIES IN THE AMERICAN ECONOMY SINCE 1900.** By Raymond W. Goldsmith. Princeton University Press, Princeton, N. J. 415 pp. \$8.50. This National Bureau of Economic Research Study is said to be the first comprehensive treatment of the growth of financial institutions and of their role in the American economy during the period covered. Balance sheets for 20 types of financial organizations for eight

(CONTINUED ON PAGE 136)

**BANKING**

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(CONTINUED FROM PAGE 134)

"benchmark" years comprise the book's statistical core. The "intermediaries" measured and evaluated are those that receive savings and channel them to users. Their share in national assets, Dr. Goldsmith reports, was about one-ninth in 1900; in 1952 it was one-fifth. Commercial banks are the most important single type, although their predominance has been greatly diminished, the study says, by the appearance of many new types. Total assets of these institutions, he finds, are likely to continue to increase; their share in national assets will also increase, but probably at a slower rate than the 6.7% yearly increase noted in the past.

**HOW TO RUN A SUCCESSFUL INVESTMENT CLUB.** By *Raymond Trigger*. Harper, New York. 115 pp. \$2.75. An investment club is a group of people who pool their assets and experience to build portfolios. This is a handbook of practices and procedures. It covers pitfalls, legal aspects, do's and don'ts, sources of investment information, record keeping, etc.

**HOW TO BE A SUCCESSFUL WIDOW.** By *R. Louis Zalk*. Fleet Publishing Corp., New York. 222 pp. \$3.95. A chapter on financial and legal affairs covers will making, taxes, social security, record keeping, use of credit in running a small business.

**FIRST AID FOR THE AILING HOUSE.** By *Roger C. Whitman*. McGraw-Hill Book Co., New York. 427 pp. \$5.95. A new, completely revised edition of a widely known manual for the care, repair and maintenance of the home. Several new chapters have been added.

**YOUR INVESTMENTS.** By *Leo Barnes*. American Research Council, Larchmont, N. Y. 144 pp. \$3. The 1958 edition of an annual "guide to increasing your capital and income."

**HUMAN RELATIONS AND POWER.** By *Albert Mueller-Deham*. Philosophical Library, N. Y. 409 pp. \$3.75. Socio-political analysis and synthesis.

**1958 U. S. MASTER TAX GUIDE.** Commerce Clearing House, Inc., Chicago. 448 pp. \$3. A new edition of

an excellent handbook of Federal income tax law. Issued annually, it is designed to furnish quick help in the preparation of income tax returns for the year 1957 and to serve as a guide in 1958 tax planning. It is, of course, keyed to the publisher's more extensive 1958 Standard Federal Tax Reports.

### Pamphlets

**LAND IN OUR NATIONAL ECONOMY.** By *Roy A. Foulke*. Dun & Bradstreet, Inc., New York. 79 pp. Mr. Foulke's interesting dissertation is accompanied by a series of financial ratio tables for 78 lines of business activity, based on financial statements for the years 1952-56.

**RISK ASPECTS OF THE IRREVOCABLE CREDIT.** By *Maurice Megrah*. The Institute of Bankers, London. A series of four lectures by the Institute's secretary, who is well known in this country, delivered under the auspices of the University of London King's College.

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The loans are originated by our organization, and complete details necessary to set the loans up for your Bank are handled by us. After the loans are received and accepted by your bank, they are handled directly with borrowers.

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The loans are made by our organization to the borrower and are sold to the Bank for the amount of the note. All details incidental to this type of investment are handled by us throughout the life of the loans.

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Life Insurance Loans are highly profitable. Collateral constantly increases in value — and there is an unlimited volume of these loans immediately available.

More than \$165,000,000.00 of these loans have been placed with banks throughout the country by Policy Holders' Service Bureau for over 20 years. All are secured by cash values of life insurance policies issued by the largest companies.

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**Y**ESTERDAY it wasn't there. Today, he picks it up and wonders: *why did it grow like that?*

The miracle of growth! Whether it's a "toadstool" that springs up overnight or a cancer cell that suddenly comes into being, we've a lot to learn about the whole beautiful process of orderly growth . . . and the dreadful, senseless growth that is cancer.

**The cancer puzzle** is tied up in growth—growth of body cells smaller than the periods on this page.

Scientists, working under grants from the American Cancer Society, are ceaselessly studying cells—normal and cancer cells. And they too are asking: *Why?*

*Why* do cells suddenly change from normal growth to uncontrolled, disorderly growth? This question can be answered only by the most probing, painstaking and costly research.

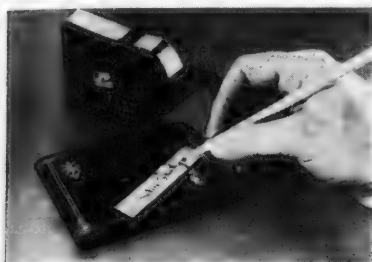
**Your contributions** to the American Cancer Society will support hundreds of scientific studies necessary to save lives today and tomorrow.

Remember: Cancer can strike anyone. But you can strike back *hard* with your dollars. Send your gift to **CANCER** in care of your local post office.

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SOCIETY** 

# WHAT'S NEW

HERE'S an idea worth its weight in gold—especially if your bank wants that something extra to add a personal touch. Gold transfer foil is now being used to transfer anything written, printed, or drawn on leather, plastic, paper, and other surfaces.



Called "Gold Mark," the foil is available in 8-foot rolls and is packaged in an easy-to-use dispenser. Write Stenso Lettering Co., 1101 East 25th St., Baltimore 18.

A new catalog, containing more than 350 illustrations, has just been released by Meierjohan-Wengler Co., Cincinnati metalcraftsmen for more than 30 years. Various plaques, tablets, honor rolls, and memorials, available in bronze, aluminum, and nickel-silver, are shown, along with emblems, insignia, and door and desk plates. Contact the company at 1102 West Ninth St., Cincinnati 3, requesting Folder W.

"Building a Meat-Minded America" is the title of the 70-page annual report booklet published by the National Live Stock and Meat Board. After the presentation of the board's officers, a report on the annual meeting and financial highlights, the booklet outlines in brief summaries the many ways in which the organization furthers knowledge and research throughout the country. Typical topics are news on meat and nutrition, servicing the industry, livestock and meat clinics, and some 30 more reports on the board's activities. Headquarters are 407 S. Dearborn St., Chicago 5.

Auto banking and its essential features, patterns, and facilities are the basis of the plans manual just released by Mosler Safe Co. Fifty-one different drive-ins are shown, along with 12 installations where banks had special problems due to minimum space. Among the facilities shown are perimeter, bay, island cubicle and building, and drive-thru; plans, photos, and architectural sketches are also included. Produced as an aid to banks contemplating new drive-in facilities or enlarging existing installations, the manual is available from Mosler sales personnel.

How did the expression "two bits"



originate? Why is a two-dollar bill considered unlucky? You'll find the answer to these and other questions in *Facts About Money*, an interesting and educational booklet explaining how many of our current slang expressions about money started, what people used as money in the past, and many other historical explanations of our modern monetary system. Write the Passante Co., 768 Connecticut Blvd., East Hartford, Connecticut, for a free sample of the booklet, and costs for imprinting.

Banks with a stake in farm accounts will be interested to know of

the new Mail-In Farm Accounting Service now available through Doane Agricultural Service. Based on the fact that effective record-keeping leads to improved efficiency in production and marketing, use of this new system helps the farmer to become his own bookkeeper by (1) recording past and present experience, thus eliminating future snap judgments based on memory, or suggestions of others; (2) helping to answer the question of expenditures (How should I spend my money? Where? When?) (3) offering a necessary and valuable record of operations for credit purposes; and (4) providing proper information for use in filing income taxes. For further information, contact the company at 5144 Delmar Blvd., St. Louis 8.

*Account Numbering Systems* is the title of Burroughs Corporation's new 40-page manual discussing account numbering—usually the first step in any bank automation system. Three basic numbering systems—numeric, alpha-numeric, and the modified or block alpha-numeric—are outlined. Illustrated with easy-to-read basic number patterns, the advantages and disadvantages of each system are clearly defined. Free copies are available from any Burroughs sales representative.



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“We need savings as a continued affirmation of our

way of life. The right to build up personal savings and to choose individually our savings objectives is one of our cherished freedoms.

“I am convinced that every bit of effort we put into Savings Bond promotion as part of a broad thrift plan will be richly rewarded in the contribution we shall be making to the strength and security of our country in this critical period.”

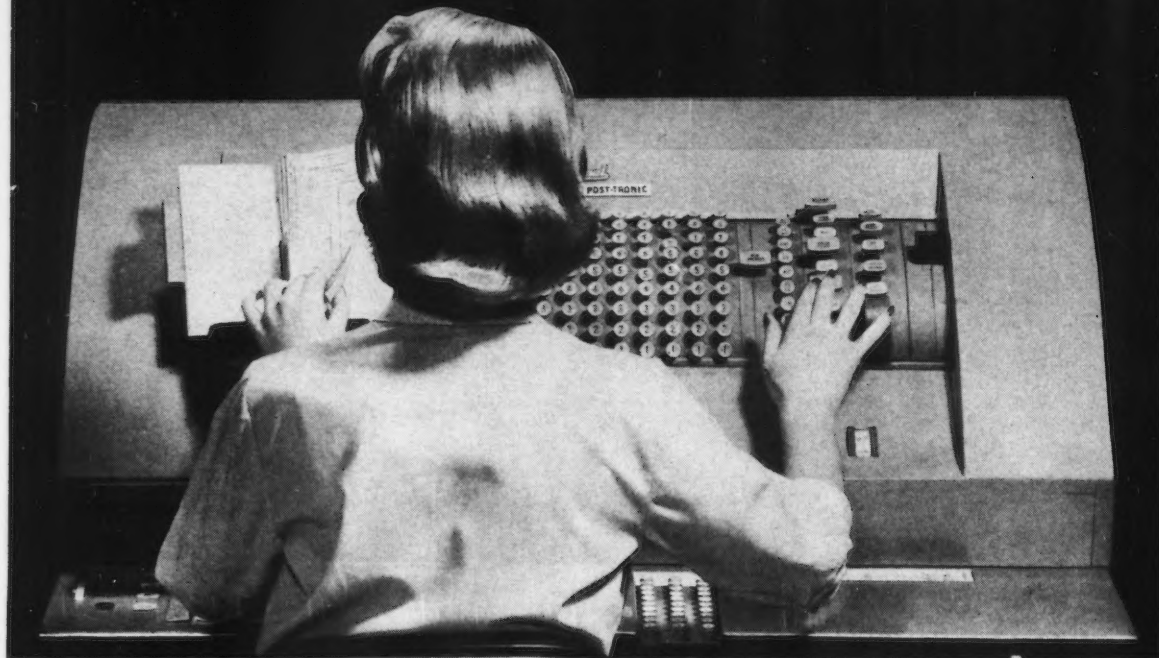
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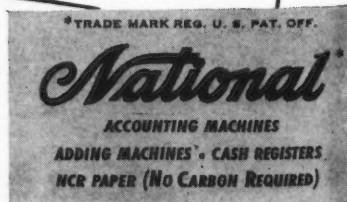
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(Figures quoted are  
as of March 1, 1958)



# The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

Eisenhower mentioned the other day when he said our main trouble was a lack of faith in the inherent vitality of our free economy. This same thing applies to the rest of the free world where many symptoms similar to ours are evident. So while commiserating and taking each other's temperatures we might take time to go back and see what caused the late, great, boom in the first place.

It was boundless confidence in our technological and political leadership, reflected in unprecedented advertising effort, new products, new investments, new markets, new plants, new jobs, more selling and more business. There was, of course, a large degree of inflationary stimulation involved, and this was a hazardous combination which the monetary authorities tried to correct by curbing the inflation without harming the boom. In any case these were the chief forces back of the tremendous expansion in our productive capacity, in consumer and Government spending.

About two years ago activity began to level off because the demand for credit outran the supply. There was a sharp dip in mid '56, and a rebound which brought the general business level in early 1957 almost even with the peak of the year before.

## Faced with a Harsh Fact

During the second half of 1957 two developments changed the picture greatly. Inflationary pressure lessened and faith in our technological and political leadership was jolted when Russia put into the sky an earth satellite big enough to prove that the Communists were far ahead of us in the kind of technology most closely related to national survival. Actually we had been losing the cold war for years but simply swept under the rug all evidence of this along with the people who disturbed our complacency.

The President is eminently right in feeling that the business outlook today cannot be separated from the world outlook and from our faith in the future. In order to recreate the conditions underlying the longest and greatest boom in history we need, most of all, a restoration of this faith, and that is why this recession would be a dangerous political plaything.

## Remedies, Wise and Otherwise

There are all kinds of anti-recession steps being proposed, Republican, Democratic, and miscellaneous, but they all look much alike in being based on increased spending by Government, business, and consumers.

Latter day New Dealers, of course, are having a field day and are dusting off some early masterpieces of the Roosevelt period. Anyone whose memory goes back 25 years has a feeling that this is where he came in.

Many of the proposed remedies fit our present day problems like the new chemise creations from Paris fit whatever they are supposed to fit and with just as little relationship to the underlying realities.

## Camel, Weasel, or Whale

Regarding the nature of the recession and the cure, the In's go along with the White House, generally speak-

# SWISS BANK CORPORATION

Head Office: BASLE, SWITZERLAND

Bienne · La Chaux-de-Fonds · Geneva · Lausanne  
Neuchâtel · St. Gall · Schaffhouse · Zurich

CAPITAL  
180,000,000 S. Fcs.



RESERVES  
100,000,000 S. Fcs.

Statement of Condition, December 31, 1957

ASSETS	Swiss Francs
Cash in hand and at Bankers.....	766,017,449
Due from other Banks.....	191,132,844
Bills Receivable.....	614,404,079
Short Advances.....	11,266,662
Advances to Customers, etc.....	1,453,823,130
Government and other Securities....	545,140,657
Other Assets.....	9,556,597
Bank Premises and other Property...	11,250,000
Total S. Fcs.	3,602,591,418

LIABILITIES	Swiss Francs
Share Capital.....	180,000,000
Reserves.....	92,000,000
Sight Deposits.....	2,198,892,245
Time Deposits.....	750,118,039
Fixed Deposits ("Obligations").....	248,171,000
Bills Payable.....	14,240,373
Acceptances.....	16,873,846
Other Liabilities.....	70,520,143
Profit.....	31,775,772
Total S. Fcs.	3,602,591,418

Guarantees S. Fcs. 151,767,275

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ing, like Polonius did when he discussed affairs with Hamlet.

Hamlet: Do you see yonder cloud that's almost the shape of a camel?

Polonius: By the mass, and 'tis like a camel indeed.

Hamlet: Methinks it is like a weasel.

Polonius: It is backed like a weasel.

Hamlet: Or like a whale?

Polonius: Very like a whale.

And so on.

The Out's and the others show more variety and freedom in their prescriptions but all add up to more spending. (See "Washington," page 34.)

### *Playing Into Moscow's Hand*

A voice on the other side lately was that of H. Frederick Hagemann, Jr., president of the Rockland-Atlas National Bank of Boston, in a message to stockholders. He said:

"Now pressured as we may be by a business decline and intensified competition with the Russians let us not resort to unsound economic procedures. For the Federal Reserve banks to ease money to the extreme that they did in 1953 and 1954 and for the Government to resort to deficit financing would be harmful to the encouragement of savings and capital formation and could start up the whole inflationary spiral again, repeating past errors.

"For us to resort to unbridled spending, unbalanced budgets, deficit financing, and ultimate inflation as a solution to our problems instead of facing up to the facts of life would be playing right into Russian hands. Such a course, if followed, almost inevitably would push us sooner or later into wage and price controls, material and labor allocations, and forced savings. We would find ourselves adopting the Russian way of life in order to fight it. We would be helping to prove what some have contended, that when the chips are down a democracy cannot discipline itself in spending and we would be giving evidence of our lack of faith in our own basic American principles."

### *Spending Versus Saving*

One important question of the day is whether this is a time to spend or save. Saving is necessary in the future to provide capital for economic growth but spending, particularly consumer spending, is the main thing counted on at this time to provide the impetus for recovery.

The question at issue in the matter of tax reduction is really whether the Government will spend more or cut taxes and let the people spend more.

There are two schools on the kind of cut we should have. The "trickle-down" group want the emphasis on relief to business so the benefits will reach consumers through their paychecks. They say the recession came because business stopped spending so the cure lies in that direction.

The "trickle-up" group urge the politically more powerful idea that the relief should go directly to the 60,000,000 individual tax payers so they can start spending more tomorrow.

### *Prices Up—Business Down*

Why prices tend to rise during this period of recession is the question that probably brings the greatest variety

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*Etiquette is the noise you must not swallow your soup with.*

No one has the independence of a farmer, who can get to work anytime, just so it isn't after 5 A.M.

*When parental control is remote control, you have juvenile delinquency.*

---

of answers. Here are a few: The price index is too rigid because those who prepare it use the official figures and have little chance to check up on discounts and the actual prices consumers are paying.

Prices themselves are rigid through wage agreements so they are not readily responsive to the forces of supply and demand.

Others ascribe the phenomenon to the food price situation. After years of surpluses bearing down on prices we now have smaller supplies of such things as meat.

Another view is that services do not change quickly in prices. The doctor makes out his bills without consulting the Reserve Board's production index or the rediscount rate. The same is true of utility and railroad rates, rent, and much finished goods with list prices. Also the index does not include many important items like home construction costs. It is slow and lags behind price changes.

Some regard the business-down-prices-up matter as the very crux of our whole problem. Administered prices is a phrase frequently used although as one industrial leader recently said, "All prices from ingots at the mill to bobby pins in Macy's basement are administered."

### *Work and Hurry*

Recently the Department of Economics of the McGraw-Hill Publishing Company predicted that our economy would double by 1975. This is the picture we became so familiar with in recent years and the only new thing about it is that it was brought out now when we have begun to doubt our manifest destiny.

Gross National Product, said the publishing house, would be \$835-billion in 1957 dollars compared with \$434.4 last year. The labor force would be 74,000,000 against 67,900,000, each worker would produce \$5.14 worth hourly against \$3.29, and business would be spending for capital purposes \$70-billion against \$37-billion.

It was a coincidence that while this was being proclaimed, our leading atomic scientist, Edward Teller was telling the nation via television that if things continue just as they are for 10 years the Russian way of life would be our way because we would have no choice. Others, equally credible, have been saying the same thing: Obviously these two futures can't both come true.

Asked what he would suggest doing in Government, business, and education to prevent this incredible eventuality he said simply, work harder and HURRY!

WILLIAM R. KUHN



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